2002-2003

EXPENDITURE BUDGET

VOLUME IV

Message from the President of the Conseil du trésor

and Additional Information

Conseil du trésor

Québec

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FOREWORD

Information on the 2002-2003 Expenditure Budget is presented in four volumes:

Volume I:	*Estimates and Annual Expenditure Management Plans of the National Assembly and Persons Appointed by the National Assembly*
Volume II:	*Estimates of the Departments and Agencies*
Volume III:	*Annual Departmental Expenditure Management Plans of the Departments and Agencies*
Volume IV:	*Message from the President of the Conseil du trésor and Additional Information*

Volume I contains information on the National Assembly and Persons Appointed by the National Assembly, i.e. the Auditor General, the Director General of Elections and the Public Protector. The section dealing with the National Assembly includes the message from the Speaker followed by the 2002-2003 appropriations and the annual expenditure management plan for the coming year. The other section present the appropriations and annual management expenditure plans of each of the Persons Appointed by the National Assembly.

Volume II presents the appropriations required by the government for the 2002-2003 fiscal year. It distinguishes between appropriations, the expenditure budget and the capital budget. Appropriations are broken down by department and program. It should be noted that the tables appearing at the beginning of this volume include not only the appropriations and expenditures of government departments and agencies but also the appropriations and expenditures from Volume I concerning the National Assembly and the Persons Appointed by the National Assembly. These tables are presented in order to facilitate access to information on the appropriations and the expenditure budget.

Volume III contains the *Annual Expenditure Management Plans* drawn up by each government department pursuant to the *Public Administration Act* (2000, c. 8). The plans indicate the choices made in allocating resources and the initiatives contemplated to achieve the objectives set in the strategic plans tabled in the National Assembly. A summary of the expenditure budget by portfolio appears at the beginning of this volume.

Volume IV begins with a message from the President of the Conseil du trésor that presents the highlights of the forthcoming expenditure budget. The chapters that follow provide additional information on the expenditure budget and other information on related topics.

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MESSAGE FROM THE PRESIDENT OF THE CONSEIL DU TRÉSOR

KEEPING OUR COMMITMENTS TO BUILD THE FUTURE

1. THE GOVERNMENT REMAINS FAITHFUL TO ITS COMMITMENTS

It is a privilege for me to table the 2002-2003 Expenditure Budget. By this action, the government is asking the National Assembly to authorize the appropriations that will be necessary to finance the cost of services delivered to the public in the year ahead. Tabling the budget is much more than a custom. It is an essential step in our democracy.

The Expenditure Budget tells us where our tax money is going. It indicates how we fund the services our society has adopted over the years to affirm its values and priorities.

The Expenditure Budget presented for the fiscal year beginning April 1, 2002 also inspires me with great pride, because it is the budget of a government which remains faithful to its commitments and which is taking action to build Québec's future.

Our way of serving the public can be summed up as follows:

— *First, preserve a balanced budget through rigorous management of expenditures;*
— *Second, build the future by making the choices the public wants;*
— *Third, modernize the government to serve the public better.*

2. THE GOVERNMENT CONTINUES TO PRESERVE A BALANCED BUDGET

Ever since it has been in power, our government has never deviated from its approach to public finances. A balanced budget is our commitment to ensure to no longer make future generations bear the cost of current programs. This commitment is entrenched in a law adopted unanimously by the National Assembly.

The return to a balanced budget after more than 40 years of deficit is a collective success of which we all have reason to be proud. We must preserve it! This is the fourth year in a row that we have produced a balanced budget. We are doing what must be done to keep it that way.

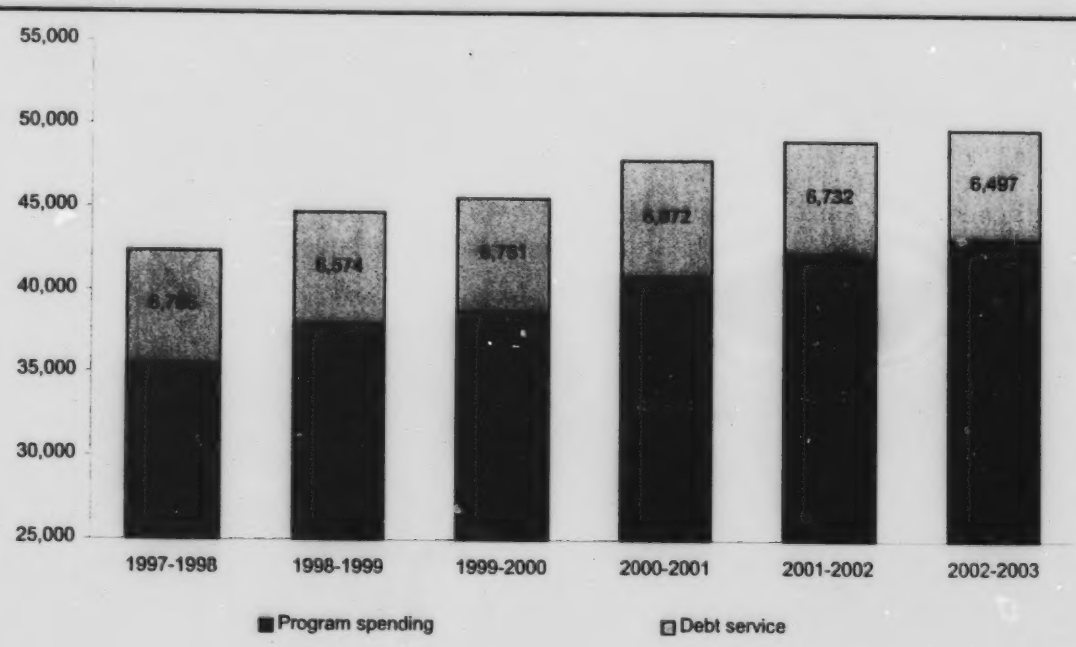
Controlling spending played a crucial role in eliminating the deficit. This control is all the more necessary to maintain a balanced budget.

To control spending first means meeting our objectives. The 2002-2003 Expenditure Budget complies with the objectives announced in March 2001 in the 2001-2002 Budget Speech, and reiterated in the 2002-2003 Budget Speech delivered on November 1, 2001, as well as in the Supplement to the Government's Budgetary Policy issued recently by my colleague, Ms. Pauline Marois, Minister of State for the Economy and Finance.

Thus, the expenditures set for 2002-2003 total $49.7 billion dollars, including $43.2 billion for program spending and $6.5 billion for debt service. The growth of expenditures for 2002-2003 is slower than what was observed over the past few years. Indeed program spending is up by 2.3% whereas it increased on an average of 4% during the last four years.

The government is continuing its rigorous management. The proportion of program spending in the economy remains the same. Since reaching a state of zero deficit in 1998-1999, program spending has, including 2002-2003, progressed at a rate of 3.7% per year whereas the growth of gross domestic product has increased by 4.2%.

Trend of program spending and debt service since 1997-1998 ($M)



A few weeks ago, the government and the union organizations representing the majority of public sector employees reached an agreement in principle on a one-year extension of the collective agreements expiring on June 30, 2002. The union organizations are currently considering whether to accept this agreement in principle.

In addition to being reasonable and equitable, the 2% increase granted would not affect the 2002-2003 Expenditure Budget because it would apply as of April 1, 2003. This extension would be put to good use in trying to resolve other major issues such as pay equity, as well as the duration and use of teachers' work time. We should remember that the government has disbursed close to $4 billion under its pay equity strategy since 1990. Over 300,000 people in predominantly female job categories have benefited from salary corrections.

3. *THE GOVERNMENT IS BUILDING THE FUTURE BY MAKING THE CHOICES THE PUBLIC WANTS*

The government's actions are not limited to maintaining a zero deficit. The government is also taking action to support the economy and ensure the future of our public services. The 2002-2003 Expenditure Budget emphasizes well-known priorities:

- *Health and social services;*
- *Education;*
- *The family;*
- *Economic and employment recovery.*

Health and Social Services

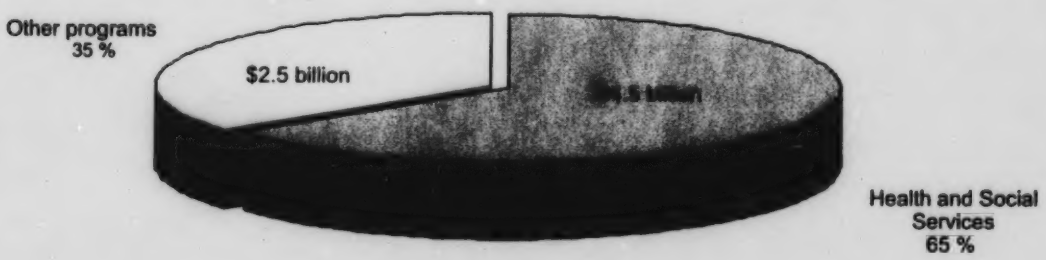
Since the restoration of a balanced budget, the government has chosen to reinvest massively in health. Its commitment is undeniable. In five years, the budget of the ministère de la Santé et des Services sociaux has been raised from $12.9 billion to $17.5 billion. This is a $4.5 billion increase, representing nearly two thirds of budget growth since the achievement of zero deficit in 1998-1999. The government also assumed expenditures of $1.5 billion in 1998-1999 and 1999-2000 to facilitate financial restructuring and consolidation of health and social services institutions. Over the past few years, very significant investments have also been announced to acquire new equipment and improve the network's infrastructure.

It is appropriate to mention that this massive reinvestment in health care is being made despite the fiscal imbalance which severely handicaps our ability to pay. As was clearly shown by the Report of the Commission on Fiscal Imbalance chaired by Mr. Yves Séguin, the federal presence in the health care field not only impedes Québec's ability to make autonomous decisions, but also causes a loss of effectiveness. Despite all this, our health care effort, which represent 6.9% of the gross domestic product, remains greater than that of Ontario, which is 5.8%. If Québec delivered the same effort as Ontario, its health care spending would be at least $2 billion less.

Since the beginning of the 2001-2002 fiscal year, the Department's budget has been adjusted upward by $736 million. Most of this amount, nearly $550 million, is allocated to the network not only to absorb the growth of its operating costs, but also to maintain and improve services to the population. Another portion of about $175 million is allocated to the Régie de l'assurance maladie du Québec for its programs. In 2002-2003, additions to health care are nearly double the amount allotted to all other portfolios combined, excluding education.

The prescription drug insurance program is one of the major challenges in the health care budget. Since 1997-1998, the expenditure budget of this program will have seen its costs pass from $700 million to $1,357 million in 2002-2003. The growth rate is on the order of 15% per year which cannot be sustained in the medium term. It is in this context that my colleague François Legault, Minister of State for Health and Social Services, has indicated his intention to proceed quickly a consultation on the possible ways of ensuring the plan's financial viability, while preserving its accessibility.

Additional resources of $7 billion allocated since 1997-1998 [1]



1 Excluding the impact of the Canada-Québec Labour Market Agreement

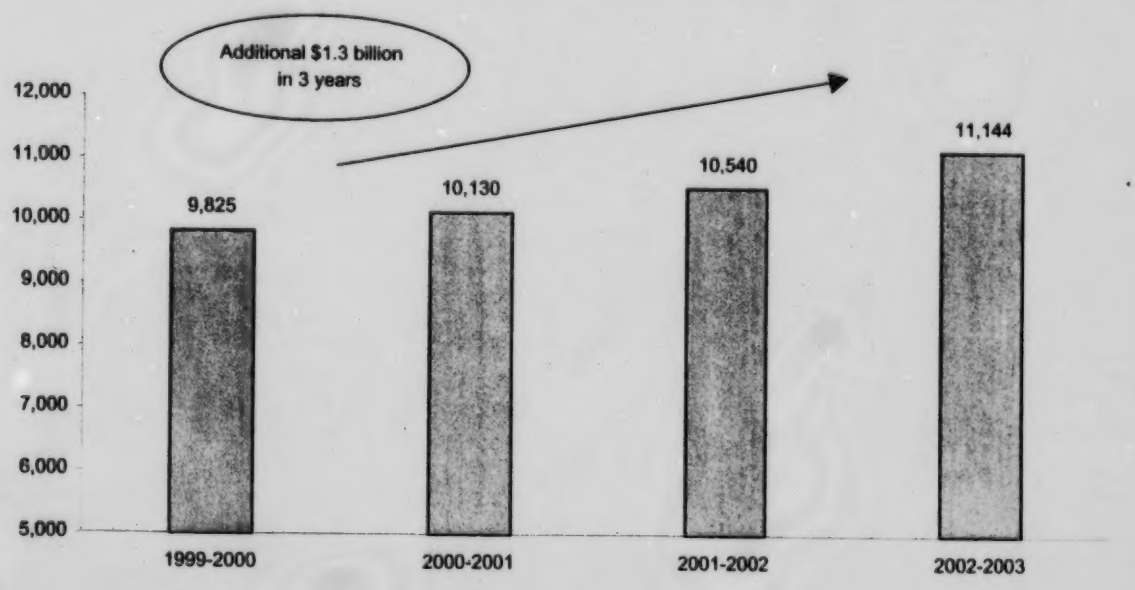
Education

As one of the world's populations with the most schooling, the people of Québec understand the value of education. This is why the government is continuing to invest heavily in this field.

Since the holding of the Sommet du Québec et de la jeunesse two years ago, the ministère de l'Éducation's budget has been raised from $9.8 billion to $11.1 billion, a growth of $1.3 billion.

The education budget increases by over $500 million, or 4.8%, over last year. This appropriation makes it possible to ensure complete compliance with the government's commitments concerning education, notably to cover cost growth in the network, and to follow up on the commitment made within the framework of the Sommet du Québec et de la jeunesse to invest a cumulative sum of $1 billion over three years.

Growth of education sector program spending between 1999-2000 and 2002-2003 ($M)



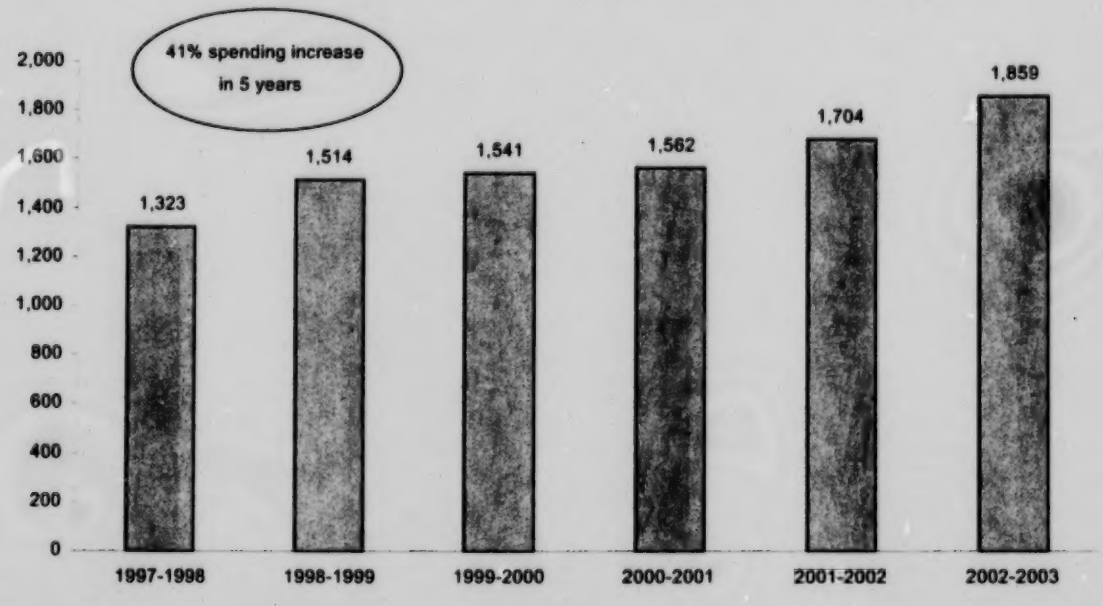
Family and Childhood

The family policy makes Québec one of the most progressive societies, showing the most solidarity, in North America. The government since 1997 has pursued its plan of offering 200,000 places within education-oriented child care services by the end of the fiscal year 2005-2006. The last Budget Speech announced an acceleration of this plan.

Over the past five years, the expenditures dedicated to the "Famille, Enfance et Condition féminine" portfolio have been increased by 41%, from $1.3 billion to over $1.8 billion.

In 2002-2003, an amount of $180 million more is being allocated to the continuation of the family policy. This represents a 10% growth rate over last year's budget.

Growth of program spending in the family, childhood and status of women sector between 1997-1998 and 2002-2003 ($M)



Economic and Employment Recovery

In the last two Budget Speeches, the government announced major measures to support the Québec economy and make every region prosper. It therefore established a major economic development strategy for resource regions, involving the injection of $800 million over four years. To stimulate private investment, the Private Investment and Job Creation Promotion Fund (FAIRE) program's commitments were increased by $150 million in 2001-2002 and $200 million in 2002-2003.

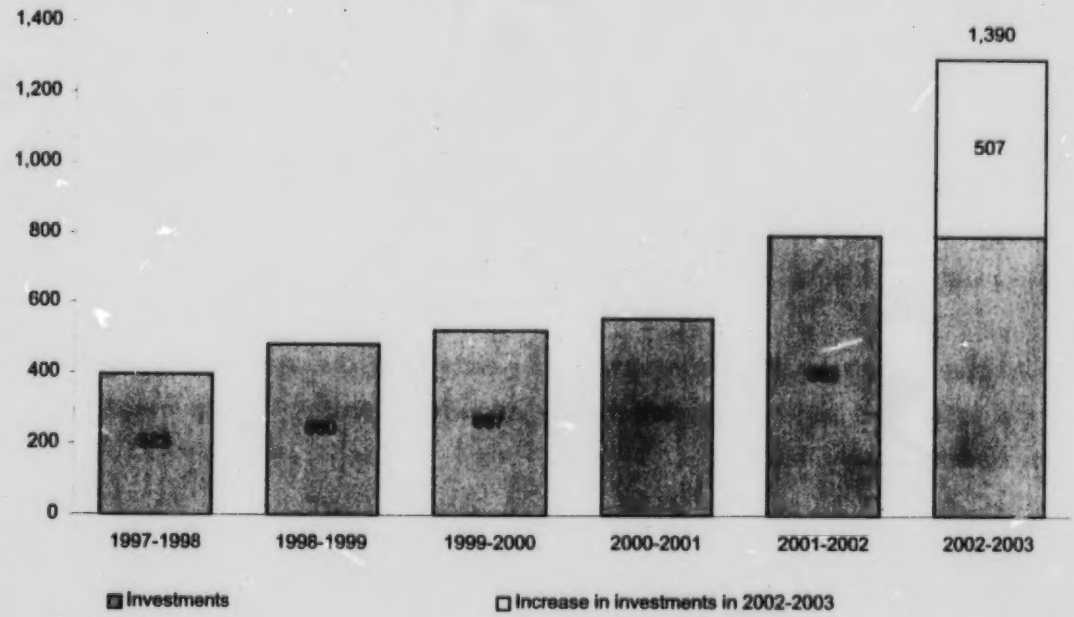
More specifically, the government has also announced an ambitious Public-sector Investment Acceleration Plan to counter the effects of the economic slowdown worsened by the events of September 11. This plan includes investments of $3 billion spread throughout Québec, including $2.5 billion in long-term financing from departmental budgets and $500 million from government corporations.

In addition to reinvigorating the economy and creating jobs, the announced investments will serve to improve services which the public considers priorities. In fact, these additional investments notably include:

— *$500 million more for health and social services;*
— *$400 million more for education;*
— *$500 million for housing;*
— *$350 million for rehabilitation of municipal infrastructure;*
— *$100 million more for cultural facilities.*

In addition, road work increased from $523 million in 1997-1998 to nearly $900 million in 2001-2002. For the next fiscal year, road work is up by some $500 million, rising to $1.4 billion.

Trend of investments in the road network ($M)



4. SERVING THE PUBLIC DEPENDS ON MODERNIZING THE QUÉBEC GOVERNMENT

Government modernization is another major challenge we must face to guarantee the future of public services. As Minister responsible for Administration and the Public Service, you will understand that this issue is particularly close to my heart. The results obtained to date are remarkable. I intend to continue the work begun by my predecessors.

In addition to opening up new vistas in terms of good governance and serving the public, modernization is embodied in many specific projects. Three of them are especially worthy of our attention:

— *The implementation of the Public Administration Act;*
— *Electronic access to government services;*
— *Renewal of our public service.*

Completing implementation of the Public Administration Act

The Public Administration Act adopted in May 2000 by the National Assembly is the cornerstone of modernization of our public service. This Act reflects our commitment to offer all Québec citizens, today and tomorrow, quality services in accordance with our ability to pay. The basic objective of this Act is to refocus government administration on its primary mission of serving the public. Greater attention is being given to the objective of achieving results. More management flexibility is permitted, but there is a stronger obligation of accountability. With this legislation, government management becomes more transparent and the legislature has access to better information to play its role.

The report I am tabling in accordance with section 28 of the Act accounts for the actions taken over the past year. Allow me to give a few examples that show the extent of this effort:

— *The departments and agencies are preparing to produce new annual management reports for the fiscal year ending March 31, 2002. The information published will account for the results obtained in relation to the objectives set forth in the documents already released, namely the service statement, the strategic plan and the annual expenditure management plan.*

— *The 2001-2002 Expenditure Budget provided, for the first time, for the possibility of carrying over unexpended appropriations to the next fiscal year. The purpose of the new mechanism is to encourage departments and agencies to economize by allowing them to carry over the savings achieved in their operating budgets. Although this measure may appear innocuous, $25 million was saved in 2001-2002 and is being carried over to 2002-2003 to provide services.*

— *The policies and regulations adopted prior to the coming into effect of the Public Administration Act are currently under review. One of these rules, established in 1978, provides that the government allows itself 60 days before paying interest to its suppliers. To encourage small suppliers to do business with the government, and to obtain better prices for its purchases, the government will soon reduce this deadline from 60 to 30 days, reflecting the established practice in the business world.*

Dealing with the government electronically

Modernization also depends on the use of new information technologies. A modern government is a government connected to the information superhighway, with easy access for its citizens

The Québec government portal now offers information that is more easily accessible when citizens deal with the government on matters that closely concern them, such as a change of address, a birth or a driver's licence. In addition, the vast majority of government programs are now accessible by the Internet and offer the possibility on online transactions in some cases. For businesses, some 500 electronic links offer information on business startup steps and give access to many forms that can be downloaded.

Over the next five years, the government will allocate substantial amount to improve the performance of its telecommunications network. It will also adopt a modernized mobile radio communications network, which will facilitate communications in emergencies. This had been recommended by the commissions formed after the disasters resulting from the torrential rains of 1996 and the 1998 ice storm.

Renewing our public service

Modernization also depends on renewal of the public service. This is a responsibility to which the Secretary of State for the Renewal of the Public Service, Mr. Stéphane Bédard, is contributing.

During the current decade, over 42% of the regular staff will leave the public service. In concrete terms, this means about 21,000 people. These numerous retirements are an opportunity to make more room for youth and make our public service more representative of all components of Québec society. The public service is therefore involved in a process of renewal, which will ensure the permanence of our public services.

Various actions are already in progress to facilitate renewal and rejuvenation of government personnel.

— *The reserved competitions held within the context of resolving the problem of job insecurity for casual personnel have led to the appointment of some 2,500 casual employees who had worked at least 55 months within a 5-year period (55/60) and the appointment of about 3,500 casual employees who had worked at least 12 months within a 15-month period (12/15). Nearly 9,000 people were declared qualified for this last-mentioned competition.*

— *A vast recruiting campaign was launched last April to build large enough pools of applicants declared qualified and available to hold a casual or regular job. To date, over 150,000 applications have been received. Over 90,000 people have been invited to write examinations and nearly 50,000 people have been declared qualified.*

— *School recruiting operations were also conducted through competitions reserved for graduates. Over 35 university recruiting competitions and over 20 college recruiting competitions were held, allowing over 700 people to qualify.*

An action plan to rejuvenate public service staff will be published in the near future. This plan will contain measures for significantly increasing the presence of young people from all components of Québec society in the public service, notably through recruiting in CEGEPs and universities. Other measures will concern integration of young employees, such as orientation and mentoring programs.

Modernization is also accompanied by the strengthening of the ethics and values which guide the Québec public administration. In this sense, the current regulation respecting ethics and discipline in the public service will be replaced with a new regulation which will incorporate, among other matters, post-mandate rules for people who have left the public service. In addition, a "Declaration of Values of the Québec Public Service" will be disseminated in the next few months.

5. *CONCLUSION*

The Québec government is keeping its commitments. It is taking action to serve the public better.

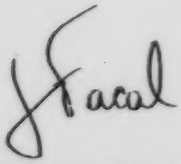
The government is maintaining its approach to public finances. The deficit has been eliminated and a balanced budget is being preserved. The objectives set are being respected. The 2002-2003 Expenditure Budget attests to the government's will to continue on the same path and maintain rigorous management of its spending.

The growth of expenditures is lower in 2002-2003, but the priorities remain the same. We are continuing to invest in health care, education and the family as priorities, as we have committed ourselves to do.

We are also taking firm action to promote economic and employment recovery. The plan announced to accelerate public investments will accentuate the economic recovery that has already started.

Our government is also acting to ensure the future of our public services. The Québec of tomorrow will have a modern, on-line and rejuvenated public service.

By respecting its commitments, by combining rigorous management with progressive economic and social choices, the government continues to build the Québec of today and tomorrow.



JOSEPH FACAL

CHAPTER 1
THE 2002-2003 EXPENDITURE BUDGET

CHAPTER 1

THE 2002-2003 EXPENDITURE BUDGET

This chapter presents the highlights of the 2002-2003 Expenditure Budget, distinguishing the growth sectors.

1. TOTAL EXPENDITURES

Total government expenditures will amount to $49,720.0 million in 2002-2003. The increase over the previous year is $740.5 million, or 1.5%.

Program spending, at $43,223.0 million, increases by $975.5 million, or 2.3%, while debt service is down $235 million.

Table 1.1: 2002-2003 Expenditure Budget and 2001-2002 Probable Expenditure

	2002-2003 Expenditure Budget $M	2001-2002 Probable Expenditure $M	Change $M	Change %
Program spending	43,223.0	42,247.5	975.5	2.3
Debt service	6,497.0	6,732.0	(235.0)	(3.5)
TOTAL EXPENDITURES	49,720.0	48,979.5	740.5	1.5

Note: The budget data in this table do not include the effect of consolidation of government agencies and special funds.

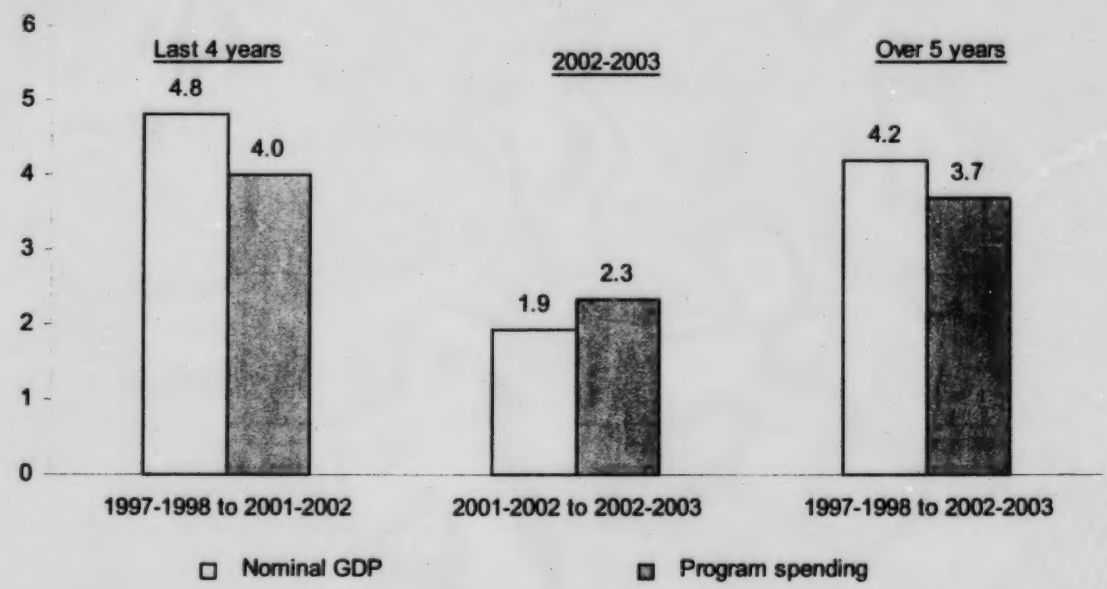
2. PROGRAM SPENDING

Program spending in 2002-2003 increases by 2.3%. This growth is slightly greater than that of the economy, because the expected growth of the nominal gross domestic product (GDP) in 2002 is 1.9%.

However, program spending growth in 2002-2003 is slower than in previous years, having amounted to 4.0% from 1997-1998 to 2001-2002. During that period, nominal GDP growth reached 4.8%, a faster pace than the 4.0% growth in program spending.

Since the achievement of the zero deficit, program spending, including in 2002-2003, has grown more slowly than the economy. In fact, as Chart 1.1 shows, nominal GDP growth is 4.2% over the entire period, while program spending grows by 3.7%.

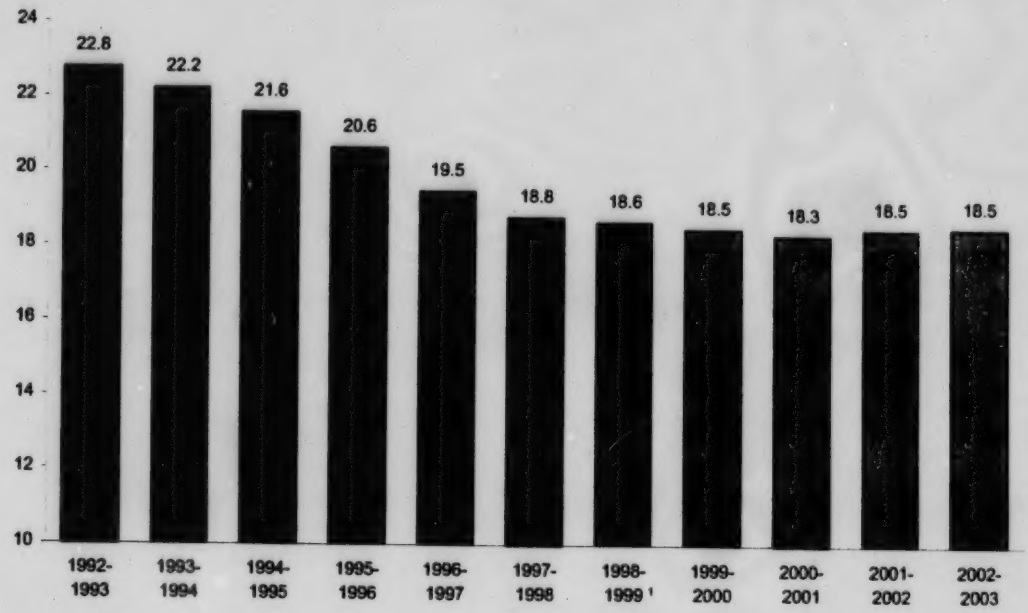
Chart 1.1: Growth of program spending[1] and nominal GDP from 1997-1998 to 2002-2003 (%)



[1] Average annual growth excluding the impact of the Canada-Québec Labour Market Agreement ($644 million in 2001-2002).

The share of program spending in the Québec economy has declined significantly since 1992-1993, from 22.8% of the Québec gross domestic product to 18.5% in 2002-2003. Despite slower economic growth than in previous years, program spending as a percentage of GDP remains at 18.5% in 2002-2003.

Chart 1.2: Change in program spending as a percentage of the gross domestic product (%)



Source: Secrétariat du Conseil du trésor for program spending data, Statistics Canada and ministère des Finances du Québec for GDP data.

[1] Percentage corrected to exclude the impact of extraordinary expenditures in 1998-1999, namely $1,007.0 million for implementation of the financial reorganization plan and the consolidation of health and social service establishments, and $170.0 million to improve the financial position of universities. Had these amounts been included, the percentage would have stood at 19.2%.

3. GROWTH OF PROGRAM SPENDING BY SECTOR OF ACTIVITY

Since the beginning of the 2001-2002 fiscal year, the expenditure budget has risen from $41,929 million to $43,223 million. The growth of program spending allocated for 2002-2003 therefore amounts to $1,294 million, as shown in the table in Appendix A. Moreover, the use of the budget reserve had the effect of increasing expenditures by $280 million in 2001-2002. This means that the growth calculated in relation to the probable expenditure stands at $976 million, including a $38 million adjustment to show the 2001-2002 data on the same basis as in 2002-2003.

Appendix B presents the budget envelope for 2002-2003 by portfolio, the 2001-2002 probable expenditure and the change between these two years in millions of dollars and in percentage.

The growth allocated for 2002-2003 is mainly found in three portfolios:

— For Santé et Services sociaux, a $735.6 million increase is noted, for a 4.4% growth rate over the budget envelope at the beginning of the 2001-2002 fiscal year;

— For ministère de l'Éducation, the 2002-2003 expenditure budget is up $508.8 million, or 4.8% more than the budget envelope at the beginning of the 2001-2002 fiscal year;

— For the Famille, Enfance et Condition féminine portfolio, the 2002-2003 expenditure budget increases by $179.9 million, or 10.7% over the budget envelope at the beginning of the 2001-2002 fiscal year.

Table 1.2 shows the growth of program spending in 2002-2003 by sector.

Table 1.2: Growth of program spending by sector of activity (in millions of $)

	Health and Social Services	Education	Family, Childhood and Status of Women	Other portfolios
Funds budgeted at the beginning of 2001-2002 [1]	16,715.8	10,635.0	1,679.2	12,899.0
Growth allocated	735.6	508.8	179.9	169.7
2002-2003 budget [2]	17,451.4	11,143.8	1,859.1	13,068.7
Growth rate	4.4	4.8	10.7	1.3

[1] Initial envelope adjusted for Education; Family, Childhood and Status of Women; and Other portfolios, to show the 2001-2002 expenditures on the same basis as in 2002-2003.

[2] Excluding savings to be realized during the year.

As previously indicated, the 2002-2003 budget growth is mainly found in three priority sectors: health and social services, education, and family and childhood. Chart 1.3 shows the relative weight of these sectors in program spending and the share of growth allocated to them.

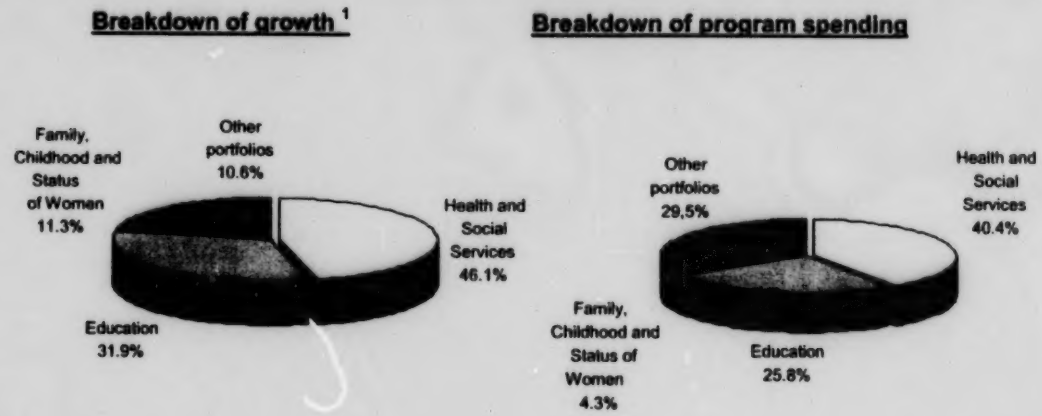
— 46.1% of the growth goes to the Health and Social Services sector, which accounts for 40.4% of all program spending;

— 31.9% of the growth goes to the Education sector, which represents 25.8% of total expenditures;

— 11.3% of the growth goes to the Family, Childhood and Status of Women sector, which represents 4.3% of total expenditures.

The rest of the growth, or 10.7% is found in the other portfolios, which account for 29.5% of all program spending.

Chart 1.3: Breakdown of growth and program spending by sector of activity for 2002-2003


Breakdown of growth [1]
Family, Childhood and Status of Women 11.3%
Other portfolios 10.6%
Health and Social Services 46.1%
Education 31.9%
Breakdown of program spending
Other portfolios 29,5%
Health and Social Services 40.4%
Family, Childhood and Status of Women 4.3%
Education 25.8%

[1] Growth in relation to the 2001-2002 Expenditure Budget, excluding savings to be realized during the year.

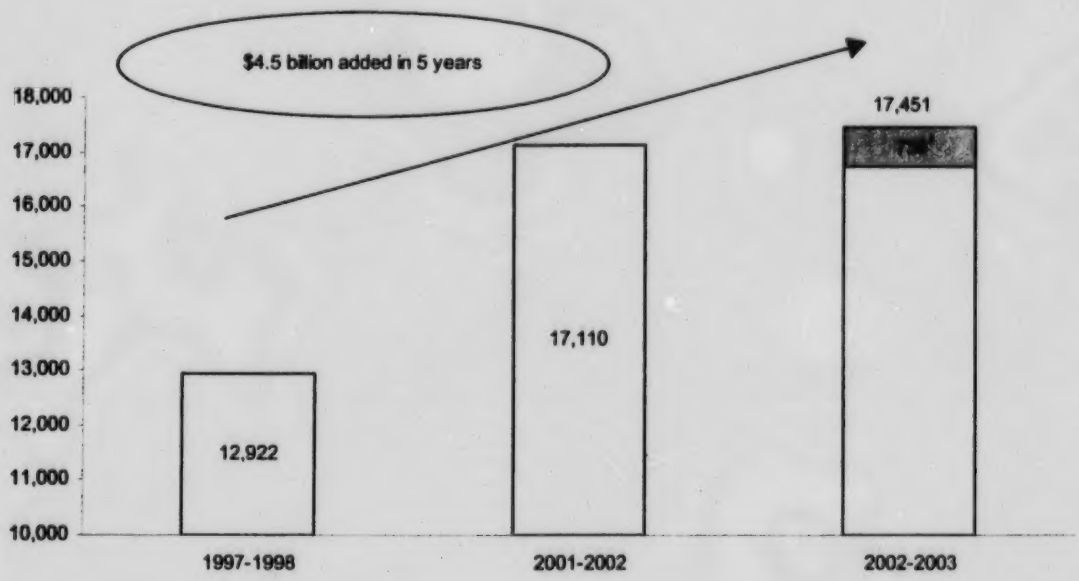
Health and Social Services

Over the past five years, the expenditures of the health and social services sector have grown by over $4.5 billion, from $12,922 million in 1997-1998 to $17,451 million in 2002-2003. This addition represents average annual growth of 6.2%, which is far greater than the 3.7% growth rate for total program spending.

In addition, this sector's expenditures take up an increasingly large share of total program spending. In 1997-1998, this sector accounted for 36.3% of expenditures, while in 2002-2003, it represents 40.4% of the expenditure budget.

Since the beginning of the 2001-2002 fiscal year, the additional resources allocated to the health and social services sector total $735.6 million, for a 4.4% growth rate. It should be noted that this sector, in 2001-2002, recorded additional expenditures of $394 million in relation to the forecast at the beginning of the fiscal year.

Chart 1.4: Change in expenditures in the health and social services sector since 1997-1998 (in millions of $)



[1] Growth in relation to the budget envelope at the beginning of the 2001-2002 fiscal year.

The greatest portion of the additional resources granted to the health and social services sector in the 2002-2003 budget year, or $547.5 million, is allocated to the network to enable it to absorb the growth of its costs and to maintain and improve services to the public. Another portion of the additional resources, or $181.3 million, is allocated for the programs administered by the Régie de l'assurance maladie, notably the Prescription Drug Insurance Plan.

Table 1.3: Breakdown of additional resources allocated in 2002-2003 to health and social services (in millions of $)

	$M	
Network institutions		547.5
- Growth of salary and operating costs	363.0	
- Maintenance and improvement of services	184.5	
Régie de l'assurance maladie du Québec		181.3
- Prescription drug insurance	144.4	
- Medical and other services	36.9	
Other		6.8
TOTAL UPWARD EXPENDITURE ADJUSTMENT		735.6

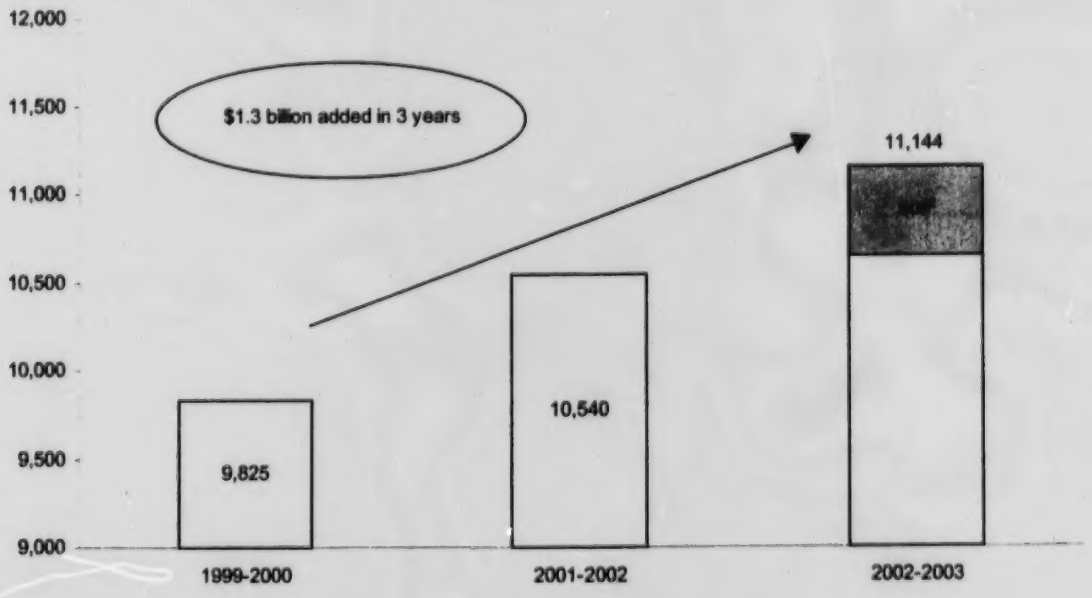
Education

Over the past three years, education sector expenditures have grown by over $1.3 billion, from $9,825 million in 1999-2000 to $11,144 million in 2002-2003. The greatest portion of these additions is further to the commitment made by the government at the Sommet du Québec et de la jeunesse to invest a cumulative amount of $1 billion over a three-year period in the various education networks. The growth in the education sector for this period is 4.3%, a faster pace than the 3.7% rise in the GDP.

The additional resources allocated to education amount to $508.8 million in 2002-2003 over the previous year's budget. This budget increase allows full compliance with the commitments made by the government in the field of education.

Chart 1.5 shows the change in expenditures in the education sector.

Chart 1.5: Change in expenditures in the education sector since 1999-2000 (in millions of $)



[1] Growth in relation to the budget envelope at the beginning of the 2001-2002 fiscal year.

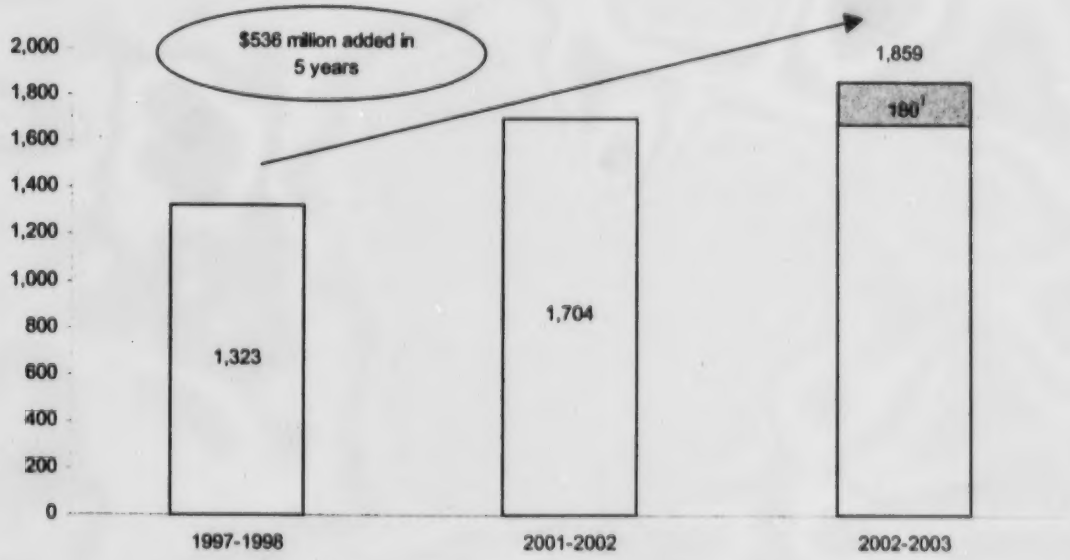
Family, Childhood and Status of Women

Over the past five years, the expenditures related to the family policy have grown by 41%, from $1,323 million in 1997-1998 to $1,859 million in 2002-2003. This addition represents an average annual growth rate of 7.0%, compared to the 3.7% growth in program spending for this period.

The 2002-2003 expenditure budget of the Famille, Enfance et Condition féminine portfolio is increased by $180 million over the budget envelope at the beginning of the 2001-2002 fiscal year. This amount is allocated for the continuation of the development plan for 200,000 places in education-oriented child care services forecast under the family policy. The budget allocated for 2002-2003 represents a growth of more than 10% over last year's budget.

Chart 1.6 shows the change in expenditures in the family, childhood and status of women sector.

Chart 1.6: Change in expenditures in the family and childhood sector since 1997-1998 (in millions of $)



[1] Growth in relation to the budget envelope at the beginning of the 2001-2002 fiscal year.

Other sectors

The other spending sectors include all portfolios other than those previously mentioned, namely the Santé et des Services sociaux portfolio, the Éducation portfolio and the Famille, Enfance et Condition féminine portfolio.

Chart 1.7 shows the change in expenditures in the other sectors. Over the past five years, expenditures in these sectors have grown by $1.2 billion, from $11,886 million in 1997-1998 to $13,069 million in 2002-2003. The average annual growth rate was 1.9%, compared to 3.7% for total program spending. The resources allocated in 2002-2003 for these other sectors include substantial reallocations which translate into a net increase of $170.0 million.

These additions include substantial amounts for support for the economy:

— $117 million to the ministère des Transports as a government contribution to the financing of the Road Network Preservation and Improvement Fund;

— $38 million to the ministère des Finances for support for economic development;

— $18 million to the ministère de la Recherche, de la Science et de la Technologie to implement certain measures of the Québec Science and Innovation Policy.

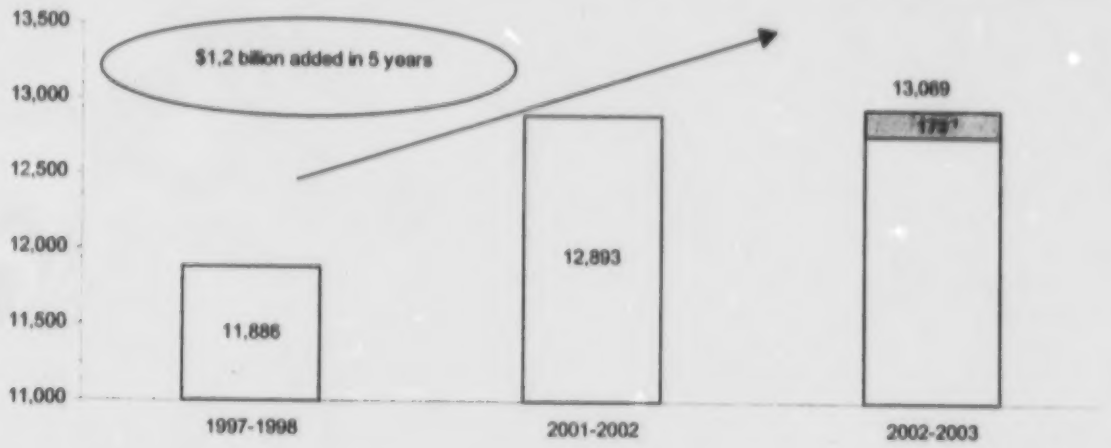
Other additions pertain to specific files:

— $49 million to the ministère des Affaires municipales et de la Métropole for compensation in lieu of taxes and financial assistance for municipalities following the municipal reorganization;

— $23 million to the ministère du Conseil exécutif for the agreement between the Government of Québec and the Cree nation;

— $26 million to the ministère de la Sécurité publique, particularly to combat terrorism following the events of September 11, 2001.

Chart 1.7: Change in expenditures in other sectors since 1997-1998 (in millions of $)



[1] Growth in relation to the budget envelope at the beginning of the 2001-2002 fiscal year.

APPENDIX A

Establishment of growth between the 2001-2002 Expenditure Budget and the 2002-2003 Expenditure Budget

The budget growth allocated for 2002-2003 is established by comparing the 2002-2003 Expenditure Budget with the one presented at the beginning of the 2001-2002 fiscal year. On this basis, program spending increases from $41,929 million in 2001-2002 to $43,223 million in 2002-2003 and the growth from year to year is established at $1,294 million.

Moreover, as the table below indicates, the allocation to expenditure of a portion of the $950 million budget reserve created at the time of the 2001-2002 Budget Speech resulted in a $280 million upward adjustment in program spending. The 2001-2002 expenditure must also be adjusted by $38 million to show the impact of the family policy on the same basis as in the 2002-2003 Expenditure Budget.

Considering the adjustments made to program spending since the beginning of the fiscal year, the change between the 2001-2002 probable expenditure and the 2002-2003 forecast amounts to $976 million. It should also be mentioned that the 2002-2003 Expenditure Budget incorporates savings of $300 million to be realized during they year. The growth by sector presented in this chapter excludes the impact of this $300 million amount, because its allocation will be established during the year.

Change in program spending between the 2001-2002 Expenditure Budget and the 2002-2003 Expenditure Budget

	2001-2002 $M	2002-2003 $M
2001-2002 Expenditure Budget - March 2001	41,929	41,929
Growth allocated for 2002-2003		1,294
Budget reserve of $950 million: portion allocated et expenditures	280	
Other [1]	38	-
2002-2003 EXPENDITURE BUDGET - MARS 2002	42,247	43,223
Change	-	976

[1] An adjustment has been made to show the 2001-2002 expenditures on the same basis as in 2002-2003. This adjustment results, for 2001-2002, in a $38.4 million increase in the expenditure budget for the Famille, Enfance et Condition féminine portfolio, because the family policy has the effect of gradually replacing certain measures previously accounted for as deductions from revenues.

APPENDIX B

Changes between 2002-2003 program spending and the 2001-2002 probable expenditure[1]

	2002-2003 Expenditure Budget $M	2001-2002 Probable[1] Expenditure $M	Change $M	%
National Assembly[2]	91.5	88.6	2.9	3.2
Persons Appointed by the National Assembly[2]	47.9	49.7	(1.8)	(3.6)
Affaires municipales et Métropole	1,519.9	1,478.7	41.2	2.8
Agriculture, Pêcheries et Alimentation	643.6	640.7	2.9	0.4
Conseil du trésor, Administration et Fonction publique	548.2	437.7	110.5	1.5 [3]
Conseil exécutif	178.4	116.7	61.7	24.3 [4]
Culture et Communications	504.1	486.8	17.3	3.6
Éducation	11,143.8	10,540.0	603.8	5.7 [5]
Emploi, Solidarité sociale	3,967.8	4,056.0	(88.2)	(2.2)
Environnement	181.2	174.2	7.0	4.0
Famille, Enfance et Condition féminine	1,859.1	1,704.5 [6]	154.6	9.1
Faune et Parcs	107.4	121.5	(14.1)	(11.6)
Finances (excluding Debt Service)[7]	628.8	490.6	138.2	11.4 [8]
Industrie et Commerce	144.9	208.6	(63.7)	(16.5) [9]
Justice	508.2	511.3	(3.1)	(0.6)
Recherche, Science et Technologie	246.5	223.7	22.8	10.2
Régions	194.7	141.8	52.9	8.1 [8]
Relations avec les citoyens et Immigration	199.9	215.3	(15.4)	(7.2)
Relations internationales	107.5	109.5	(2.0)	(1.9)
Ressources naturelles	277.6	326.3	(48.7)	(14.9)
Revenu	658.7	626.8	31.9	5.1
Santé et Services sociaux	17,451.4	17,110.0	341.4	2.0 [10]
Sécurité publique	790.1	790.0	0.1	0.0
Tourisme, Loisir et Sport	128.1	157.4	(29.3)	(18.6) [11]
Transports	1,362.3	1,363.9	(1.6)	(0.1)
Travail	61.2	77.2	(16.0)	(20.6) [12]
Savings to be realized	(300.0)		(300.0)	
2002-2003 appropriations carried over to 2003-2004	(29.8)		(29.8)	
PROGRAM SPENDING	43,223.1	42,247.5	975.4	2.3

Note : See next page for reference

[1] The 2001-2002 probable expenditure has been adjusted to show it on the same basis as the 2002-2003 Expenditure Budget.

[2] The information pertaining to the appropriations, expenditures and Annual Expenditure Management Plans of the National Assembly and the Persons Appointed by the National Assembly can be found in Volume I.

[3] In the Conseil du trésor, Administration et Fonction publique portfolio, the percentage change has been calculated by excluding the Contingency Fund from the 2002-2003 expenditure budget, because this program consists of provisions for the purpose of funding unforeseen expenditures which may occur during the fiscal year in all other portfolios.

[4] In the Conseil exécutif portfolio, the percentage change has been calculated by excluding from the 2002-2003 expenditure budget the provision for implementation of government communications projects. If the agreement with the Cree nation is excluded the portfolio's growth is 0%.

[5] For ministère de l'Éducation, the growth rate is 4.8% when established in relation to the 2001 2002 initial envelope.

[6] An adjustment has been made to show the 2001-2002 expenditures on the same basis as in 2002-2003. This adjustment results, for 2001-2002, in a $38.4 million increase in the expenditure budget for the Famille, Enfance et Condition féminine portfolio, since the family policy has the effect of gradually replacing certain measures previously accounted for as deductions from revenues.

[7] For the purposes of this table, government debt service is excluded from the expenditures of the ministère des Finances. In Volume II of the 2002-2003 Expenditure Budget and in the Annual Expenditure Management Plans of the departments and agencies, the expenditures of the ministère des Finances incorporate debt service.

[8] The percentage change has been calculated by adding the transfers of provisions to other departments to the 2001-2002 probable expenditure.

[9] For ministère de l'Industrie et du Commerce, the percentage change has been calculated by deleting transfers of provisions from other departments from the 2001-2002 probable expenditure.

[10] For ministère de la Santé et des Services sociaux, the growth in relation to the 2001-2002 initial envelope is $735.6 million, or 4.4%. The 2.0% rate incorporates the effect of additional expenditures of $394.1 million incurred during the 2001-2002 fiscal year.

[11] For the Tourisme, Loisir et Sport portfolio, the decrease in relation to the probable expenditure is mainly due to the fact that the amounts allocated to tourist promotion have been transferred to the provision for implementation of government communications projects in the Conseil exécutif portfolio.

[12] For ministère du Travail, the change in relation to the probable expenditure is essentially due to the expiration of the agreement between the CSST and the government regarding the funding of inspection activities.

CHAPTER 2
RESULTS FOR THE 2001-2002 FISCAL YEAR

CHAPTER 2

RESULTS FOR THE 2001-2002 FISCAL YEAR

This chapter presents the changes in the expenditure forecast since the beginning of the 2001-2002 fiscal year.

1. CHANGE IN PROGRAM SPENDING IN 2001-2002

The expenditures incurred by the government in the 2001-2002 fiscal year should total $48,979.5 million, which includes:

— $42,247.5 million for program spending;

— $6,732.0 million for debt service.

Expenditures increased $1,133.5 million, or 2.4%, compared to the previous year. Program spending is up $1,373.1 million, or 3.4%, while debt service is down $239.6 million.

It should be noted that since the tabling of the 2001-2002 Estimates, changes have occurred not only in the 2001-2002 program spending forecast, but also in the results for the 2000-2001 budget year. Based on the revised data, Table 2.1 shows how the probable expenditure for the 2001-2002 fiscal year compared with the results for 2000-2001.

Table 2.1: Expenditure growth in 2001-2002[1]

	Probable 2001-2002 $M	Actual 2000-2001 $M	Variation $M	Variation %
Program spending[2]	42,247.5	40,874.4	1,373.1	3.4
Debt service	6,732.0	6,971.6	(239.6)	(3.4)
TOTAL EXPENDITURE	48,979.5	47,846.0	1,133.5	2.4

[1] The data in this table do not include the effect of consolidation of agencies and special funds.

[2] Program spending has been adjusted to show expenditures on the same basis as in 2002-2003. This adjustment results in an expenditure increase of $38.4 million in 2001-2002 and $44.8 million in 2000-2001, because the family policy has the effect of gradually replacing certain measures previously accounted for deductions from revenue.

2. CHANGE IN THE 2001-2002 EXPENDITURE FORECAST

The program spending forecast for 2001-2002 corresponds to the one announced in the 2002-2003 Budget Speech presented on November 1, 2001. Since the beginning of the fiscal year, program spending has been raised by $280.0 million compared to the initial forecast. This increase stems from the fact that a portion of the budgetary reserve was allocated to expenditures.

Regarding program spending, additional expenditures of $644.0 million were recorded during the year:

— $394.0 million in the health and social services sector, including $120.0 million for the vaccination campaign against meningitis, $144.0 million to cover a rise in the costs of the prescription drug insurance program for income security recipients and seniors age 65 and over, and $130.0 million to absorb various other costs in this sector;

— $142.0 million in the "Emploi, Solidarité sociale" portfolio, essentially to reflect the revision of the number of households on income security, which declined less quickly than forecast when the 2001-2002 Estimates were tabled;

— $108.0 million in other portfolios, particularly including $36.0 million in the "Affaires municipales et Métropole" portfolio, $34.0 million in the "Sécurité publique" portfolio and $30.0 million in the "Relations avec les citoyens et Immigration" portfolio.

These additional expenditures were financed, on the one hand, by the $280.0 million upward adjustment and, for the balance, by unexpended appropriations in various budget items. Debt service was revised downward by $511.0 million, falling from $7,243.0 million to $6,732.0 million. This revision is primarily explained by the decrease in short-term interest rates.

As illustrated in Table 2.2, the probable expenditure forecast for 2001-2002 totals $48,979.5 million. According to this forecast, program spending stands at $42,247.5 million and debt service at $6,732.0 million.

Table 2.2: Change in the 2001-2002 expenditure forecast[1]

	Program spending $M	Debt service $M	Total expenditures $M
Forecast established at the beginning of the year[2]	41,967.5	7,243.0	49,210.5
2002-2003 Budget Speech:			
- Budgetary reserve: balance allocated to expenditures	280.0	-	280.0
- Other changes	-	(508.0)	(508.0)
Supplement to the Government's Budgetary Policy	-	(3.0)	(3.0)
	280.0	(511.0)	(231.0)
PROBABLE EXPENDITURE	42,247.5	6,732.0	48,979.5

[1] The data in this table do not include the effect of consolidation of the agencies and special funds.

[2] The initial forecast of $41,929.1 million has been adjusted to present the 2001-2002 expenditures on the same basis as in 2002-2003. This adjustment leads to a $38.4 million increase in expenditures in 2001-2002, since the family policy has the effect of gradually replacing certain measures previously accounted for as deductions from revenue.

3. BUDGETARY RESERVE

As announced in the 2002-2003 Budget Speech presented on November 1, 2001, a portion of the budget reserve of $950.0 million constituted in 2000-2001, or $670.0 million, was used to preserve a balanced budget in 2001-2002 and thus offset a portion of the anticipated decrease in revenues. The $280.0 million balance was allocated to expenditures.

Under the commitments made, the projects to be funded from the budgetary reserve translate into disbursements of $280.0 million, including $73.0 million in 2001-2002, $64.0 million in 2002-2003 and $143.0 million for subsequent years. The amounts not disbursed in 2001-2002 resulted in available funds of $207.0 million, which served to cover one-time expenditures:

— $120.0 million in the health and social services sector for the vaccination campaign against meningitis;

— $87.0 million in the social solidarity sector to cover a portion of the costs resulting from the revision of the number of households on income security.

Starting in 2002-2003, the amounts to be disbursed to act on commitments already made under the budgetary reserve will be specified in the budgets of the departments concerned.

4. SUPPLEMENTARY ESTIMATES AUTHORIZED IN 2001-2002

At the beginning of the 2001-2002 fiscal year, the appropriations tabled in the National Assembly totalled $49,516.3 million, including $42,273.3 million for program spending and $7,243.0 million for debt service and interest on the retirement plans account.

Supplementary estimates were tabled in the National Assembly in December 2001 for the 2001-2002 fiscal year. These supplementary estimates totalled $606.9 million, including $412.5 million in the "Santé et Services sociaux" portfolio and $194.5 million in the "Emploi, Solidarité sociale" portfolio.

Permanent appropriations were revised downward by $473.6 million. This change mainly resulted from the $511.0 million decrease in the cost of debt service, a revision explained by the decline in short-term interest rates. However, permanent appropriations for program spending increased by $37.4 million.

Unexpended appropriations in 2001-2002 amounted to $364.0 million, mainly resulting from the impact of falling interest rates on subsidized debt service, a time difference in the disbursements payable under performance contracts signed with the universities and a revision of the estimated useful life of road network fixed assets.

Table 2.3: Reconciliation between authorized appropriations and probable expenditure in 2001-2002

	Program spending $M	Debt service $M	Total expenditures $M
INITIAL APPROPRIATIONS	42,273.3	7,243.0	49,516.3
Supplementary Estimates #1: 2001-2002[1]	606.9		606.9
Permanent appropriations: change	37.4	(511.0)	(473.6)
TOTAL APPROPRIATIONS	42,917.,7	6,732.0	49,649.7
MINUS: Appropriations allocated to the capital budget[2]	(677.8)		(677.8)
PLUS: Depreciation expenditures[2-3]	333.5		333.5
MINUS: Unexpended appropriations[4]	(364.4)		(364.4)
PLUS: Adjustment[5]	38.4		38.4
PROBABLE EXPENDITURE	42,247.5	6,732.0	48,979.5

[1] The 2001-2002 Supplementary Estimates #1 include voted appropriations of $437.9 million and permanent appropriations of $169.0 million.

[2] Amounts recorded in the 2001-2002 Expenditure Budget.

[3] Depreciation expenditures do not require appropriations as they do not result in disbursements and reflect the cost of use of fixed assets authorized by appropriations already voted by the National Assembly.

[4] Including a budgeted amount of $25.7 million to be carried over in 2002-2003.

[5] A adjustment was made in order to show the 2001-2002 expenditures on the same basis as in 2002-2003. This adjustment led to a $38.4 million increase in expenditures in 2001-2002, given that the family policy has the effect of gradually replacing certain measures previously accounted for as deductions from revenue.

CHAPTER 3

BREAKDOWN OF THE 2002-2003 EXPENDITURE BUDGET BY MAJOR CATEGORY AND BY BENEFICIARY

CHAPTER 3

2002-2003 EXPENDITURE BUDGET BREAKDOWN BY MAJOR CATEGORY AND BENEFICIARY

This chapter shows expenditures broken down by major category and beneficiary. The categories reflect the type of expenditure incurred by the government whereas the beneficiary indicates the recipient of the funds.

The figures appearing in this chapter do not include agencies and consolidated special funds. Moreover, the breakdown of transfer expenditures by category is in some cases an estimate. It is therefore subject to change from one year to the next.

1. EXPENDITURE BREAKDOWN OVERVIEW

Total expenditures by supercategory

Volumes I and II of the Expenditure Budget contain a breakdown by supercategory of each portfolio's expenditures. It shows that the 2002-2003 expenditure budget is allocated as follows: 73.7% for Transfers, 13.1% for Debt Service and 13.2% for operating costs and other categories.

Expenditures in the Transfers and Allocation to a special fund categories are also broken down by category and benficiary.

Table 3.1 breaks down the expenditures for all portfolios by supercategory and category.

Table 3.1: 2002-2003 Expenditure Budget by Supercategory and Category

	CATEGORIES						
	Remuneration	Operations	Capital	Interest	Support	Other	Total
SUPERCATEGORIES	**$M**	**$M**	**$M**	**$M**	**$M**	**$M**	**$M**
Remuneration	2,786.3	-	-	-	-	-	2,786.3
Operations	-	1,849.4	-	-	-	-	1,849.4
Transfers	21,166.8	3,168.9	1,405.2	1,500.7	9,419.5	-	36,661.1
Allocation to a special fund	454.8	127.1	216.4	185.4	888.2	-	1,871.9
Bad debt and other	-	-	-	-	-	354.3	354.3
Savings to be realized						(300.0)	(300.0)
Program spending	24,407.9	5,145.4	1,621.6	1,686.1	10,307.7	54.3	43,223.0
Debt service	-	-	-	6,497.0	-	-	6,497.0
TOTAL	24,407.9	5,145.4	1,621.6	8,183.1	10,307.7	54.3	49,720.0

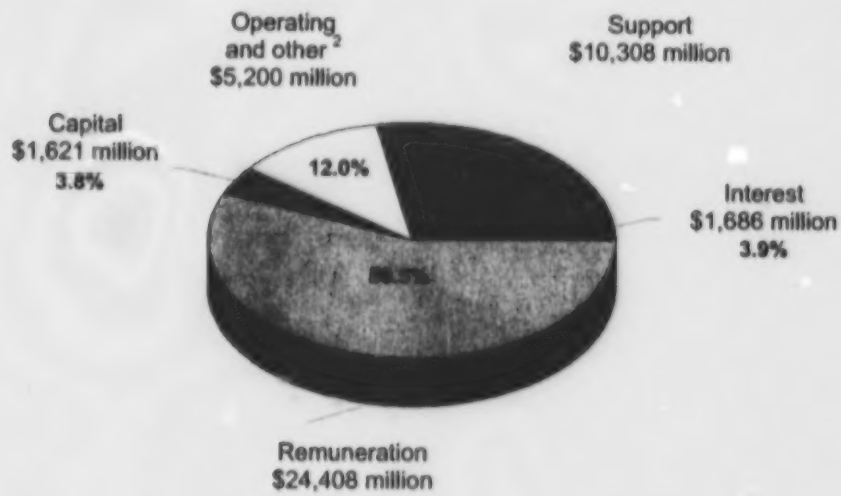
Breakdown of program spending by category

Remuneration expenditures for 2002-2003 total $24,407.9 million and account for 56.5% of program spending. They include salaries, employer contributions to retirement plans as well as to various government plans and group insurance plans. Receiving the remuneration are healthcare professionals, health and social service network and educational system employees, and public servants.

Support expenditures amount to $10,307.7 million, or 23.8% of program spending. This category consists of various subsidies intended to provide individuals, enterprises, public and parapublic agencies, and other government partners with different forms of financial assistance.

Chart 3.1 shows the 2002-2003 budget for all program spending divided by major category. Moreover, Appendix A contains a breakdown of expenditures by major category for each portfolio.

Chart 3.1: 2002-2003 Program spending by major category: $43,223.0 million[1]



1 Piechart based on Table 3.1.

2 Operating expenditures here include changes in the provision for bad debt, savings to be realized and other.

Operating and other expenditures account for 12.0% of program spending, or $5,199.7 million. They primarily consist of the support and administrative expenditures of departments and agencies, including the Contingency Fund, the health and social services network and the educational system. Also included are departmental and agency fixed-assets depreciation expenditures.

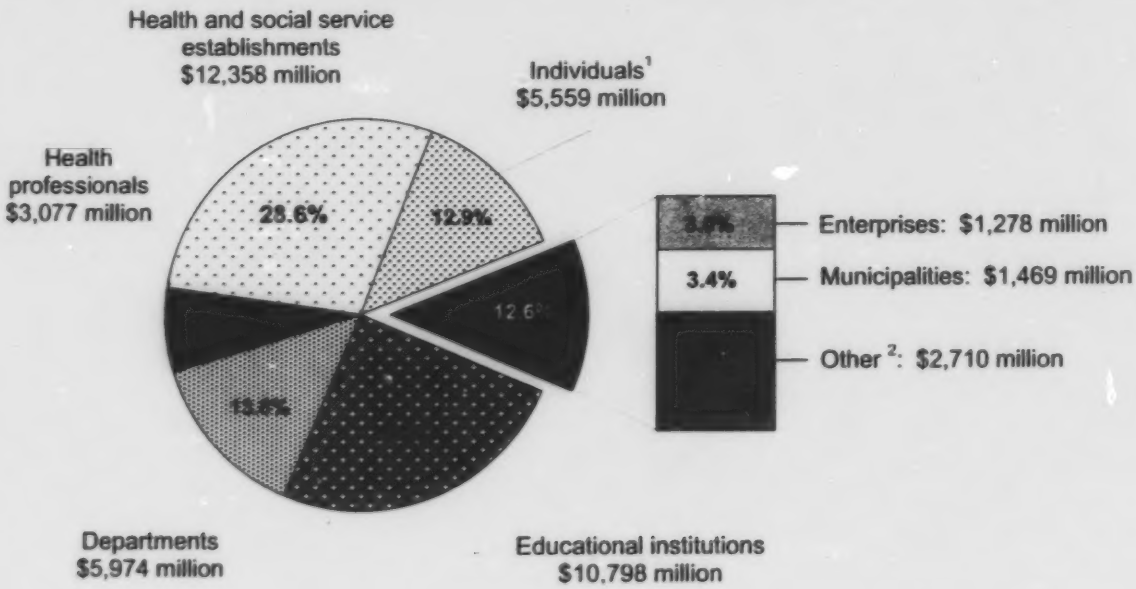
Capital expenditures total $1,621.6 million or 3.8% of program spending. They cover capital investments and amounts paid to special funds to cover obligations associated with their fixed assets. The government either covers the cost of a beneficiary's fixed assets, or the repayment of principal on loans incurred by its partners. Lastly, interest payments on subsidized debt account for 3.9% of program spending, or $1,686.1 million.

Breakdown of program spending by beneficiary

The beneficiaries of transfer expenditures of the expenditure budget are divided into the following categories: health and social service establishments, health professionals, educational institutions, individuals, enterprises and municipalities.

Chart 3.2 shows a breakdown of 2002-2003 program spending by beneficiary. It also includes department operating expenditures to cover all 2002-2003 program spending.

Chart 3.2: 2002-2003 program spending by beneficiary: $43,223.0 million



[1] This item includes employment assistance, financial aid for social and economic integration and the social protection of the " Emploi, Solidarité sociale portfolio, Québec health insurance plan costs (excluding administration and remuneration for health professionals), family allowances, financial assistance for parents for childcare costs, financial aid for students, and legal aid.

[2] Includes other beneficiaries and savings to be realized.

Health and social service establishments with $12,358.4 million and educational institutions with $10,798.0 million account for 53.6% of the program spending forecast for 2002-2003.

Payments to individuals total $5,558.4 million or 12.9% of program spending. Remuneration for health professionals totals $3,076.9 million or 7.1% of program spending.

Various other beneficiares (enterprises, municipalities, nonprofit organizations, and government corporations and agencies) account for 12.6% of program spending or $5,457.5 million.

Department expenditures at $5,973.8 million represent 13.8% of program spending.

Table 3.2 shows the breakdown of forecast program spending in 2002-2003 by beneficiary for the main portfolios.

Appendix B contains a breakdown of program spending by beneficiary for each portfolio.

Table 3.2: Breakdown by beneficiary of program spending forecast for 2002-2003

	Santé et Services sociaux	Éducation	Emploi, Solidarité sociale	Other departments	Other	Total
	$M	$M	$M	$M	$M	$M
Departmental operating costs	112.1	203.4	572.2	5,086.2	-	5,973.8
Health and social service establishments	12,262.8	-	-	95.6	-	12,358.4
Health professionals	3,076.9	-	-	-	-	3,076.9
Educational institutions	-	10,616.2	96.7	85.1	-	10,798.0
Assistance for individuals	1,459.8	263.6	2,946.4	888.6	-	5,558.4
Assistance for enterprises	114.9	-	70.6	1,092.7	-	1,278.2
Assistance for municipalities	-	-	0.5	1,468.5	-	1,469.0
Other beneficiaries	424.9	60.6	281.4	2,243.4	-	3,010.3
Savings to be realized	-	-	-	-	(300.0)	(300.0)
PROGRAM SPENDING	17,451.4	11,143.8	3,967.8	10,960.0	(300.0)	43,223.0

2. REMUNERATION EXPENDITURES

Remuneration expenditures total about $24,407.9 million in 2002-2003, or 56.5% of program spending.

Over 50% of this amount is allocated for the health and social services sector in 2002-2003. This sector's share of remuneration expenditures in 2002-2003 amounts to $9,201.8 million, or 37.7%, while health professionals receive $3,076.9 million or 12.6%.

The educational system's share at $8,378.0 million accounts for 34.3% of remuneration expenditures in 2002-2003.

Department employees account for 13.3% of total remuneration expenditures.

Chart 3.3 shows the breakdown of these expenditures between various beneficiaries and departments.

Chart 3.3: 2002-2003 Remuneration expenditures by beneficiary: $24,407.9 million

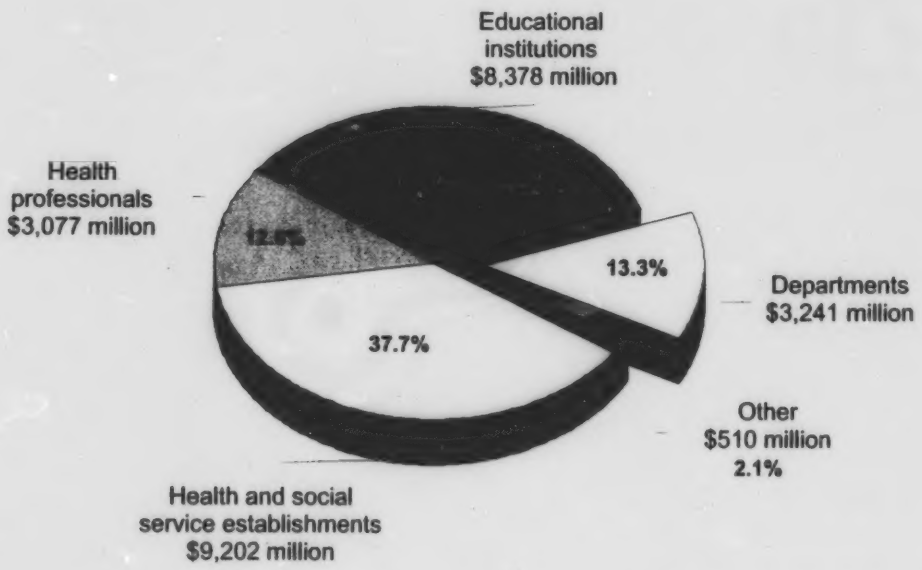


Table 3.3 shows a breakdown of forecast remuneration expenditures by salaries and employer contributions.

Table 3.3: Forecast expenditures for remuneration in 2002-2003[1]

		Employer contributions			
	Salaries	Retirement plans	Other	Subtotal	Total
	$M	$M	$M	$M	$M
SANTÉ ET SERVICES SOCIAUX					
Department	50.3	-	5.9	5.9	56.2
Health and social service establishments	7,827.1	497.5	877.2	1,374.7	9,201.8
Health professionals	3,076.9	-	-	-	3,076.9
Other beneficiaries	151.3	-	14.1	14.1	165.4
	11,105.6	497.5	897.2	1,394.7	12,500.3
ÉDUCATION					
Department	74.3	-	7.2	7.2	81.5
Educational institutions	7,100.4	564.2	713.4	1,277.6	8,378.0
Other beneficiaries	9.5	-	1.5	1.5	11.0
	7,184.2	564.2	722.1	1,286.3	8,470.5
EMPLOI, SOLIDARITÉ SOCIALE					
Department	326.1	-	38.3	38.3	364.4
Other beneficiaries	7.1	-	0.9	0.9	8.0
	333.2	-	39.2	39.2	372.4
OTHER					
Departments	2,208.2	292.7	238.3	531.0	2,739.2
Other beneficiaries	275.5	19.4	30.6	50.0	325.5
	2,483.7	312.1	268.9	581.0	3,064.7
TOTAL	21,106.7	1,373.8	1,927.4	3,301.2	24,407.9
2001-2002 COMPARABLE	20,521.4	1,337.1	1,862.6	3,199.7	23,721.1

[1] Includes appropriations for the Remuneration supercategory, Remuneration category, as well as Transfers and Allocation to a special fund supercategories.

Appropriations for remuneration total $24,407.9 million in 2002-2003. This represents an increase of $686.6 million over the comparable figures for 2001-2002, which include the supplementary appropriations authorized for the Santé et Services sociaux portfolio in 2001-2002.

Salary expenditures increase by $585.3 million or 2.9% over 2001-2002:

— The application of salary adjustments results in a 1.9% increase, the annualized value of the 2.5% raise that took effect January 1st, 2002;

— The balance reflects the impact of investments made primarily in the health and social services network as well as the educational system.

Meanwhile employer contributions rise by $101.5 million in 2002-2003 due to the pay increases as well as adjustment of the parameters applicable to each plan.

3. OPERATING EXPENDITURES

Operating expenditures for 2002-2003 total $5,145.4 million with departments accounting for 38.4%, health and social service establishments for 42.7%, educational institutions for 15.3%, and other beneficiaries for 3.6%.

Chart 3.4 shows a breakdown of operating expenditures by beneficiary.

Chart 3.4: 2002-2003 Operating expenditures by beneficiary: $5,145.4 million

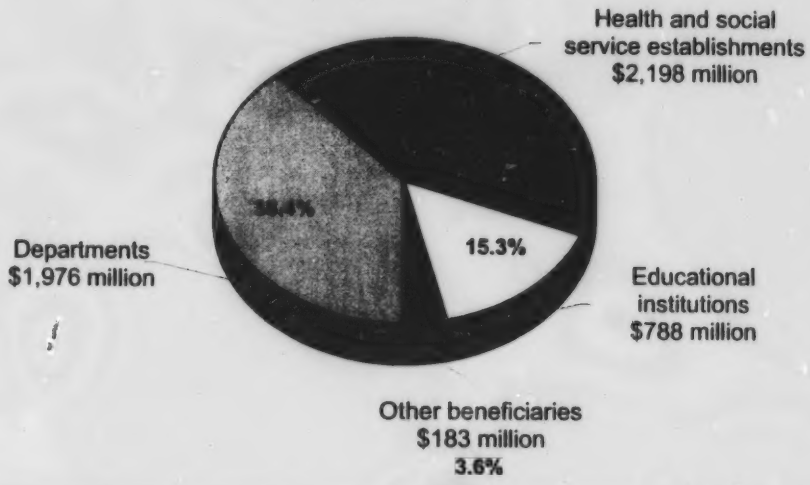


Table 3.4 shows a breakdown of operating expenditures between departmental operations and transfers.

Table 3.4: Forecast operating expenditures for 2002-2003

	Operations[1]	Transfers		Total
		Networks	Other	
	$M	$M	$M	$M
SANTÉ ET SERVICES SOCIAUX				
Department	55.8	-	-	55.8
Health and social service establishments	-	2,197.9	-	2,197.9
Other beneficiaries	-	-	41.2	41.2
	55.8	2,197.9	41.2	2,294.9
ÉDUCATION				
Department	45.1	-	-	45.1
Educational institutions	-	788.3	-	788.3
Other beneficiaries	-	-	2.4	2.4
	45.1	788.3	2.4	835.8
EMPLOI, SOLIDARITÉ SOCIALE				
Department	154.1	-	-	154.1
Other beneficiaries	-	-	1.7	1.7
	154.1	-	1.7	155.8
OTHER				
Departments	1,721.4	-	-	1,721.4
Other beneficiaries	-	-	137.5	137.5
	1,721.4	-	137.5	1,858.9
TOTAL	1,976.4	2,986.2	182.8	5,145.4
2001-2002 COMPARABLE	1,918.6	2,867.1	165.3	4,951.0

[1] Includes expenditures for the Operations category of the Allocation to a special fund supercategory.

Operating expenditures for 2002-2003 are $194.4 million higher than in 2001-2002, due to increases of $136.6 million for transfers and $57.8 million for departments.

This $194.4-million increase is primarily the result of the following changes:

— $89.7 million more for health and social services to cover the additional resources allocated to this sector to maintain and improve public services;

— $37.9 million more for education due to the additional resources stemming from the commitment made by the government at the Sommet du Québec et de la jeunesse;

— $17.9 million more for the Sécurité publique portfolio primarily for measures to combat terrorism and assistance to RCMs for fire-safety activities;

— $41.8 million for the Contingency Fund under the Conseil du trésor, Administration et Fonction publique portfolio due to appropriation transfers during the past fiscal year.

4. CAPITAL EXPENDITURES

Forecast capital expenditures for 2002-2003 total $1,621.6 million, or $133.0 million more than the year before.

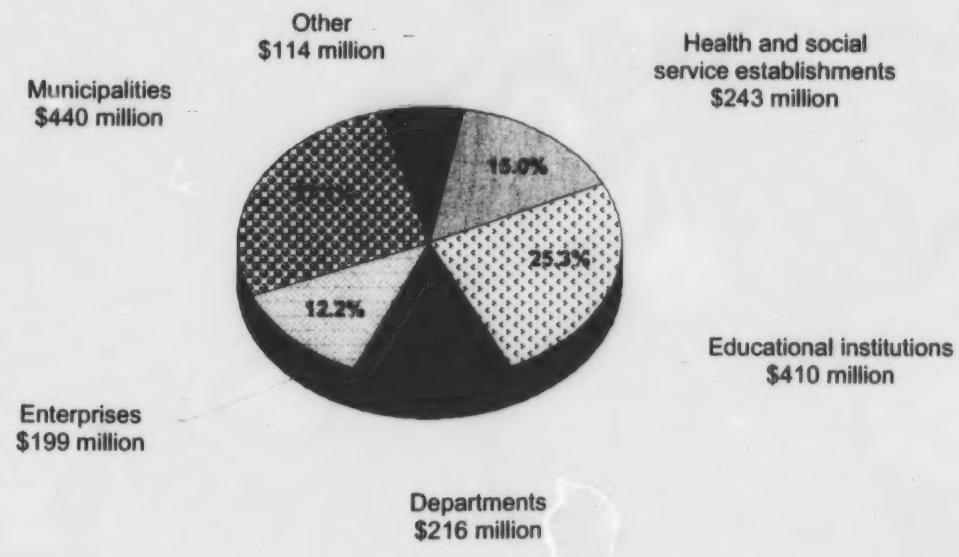
Slightly over half this budget is allocated for municipalities and educational institutions, which respectively receive $439.6 million, or 27.1%, and $410.3 million, or 25.3%.

The portion related to enterprises is $198.6 million, or 12,2%, while the portion related to health and social service establishments is $243.0 million, or 15.0%.

Departments, with $216.4 million or 13.4%, and other beneficiaries, with $113.7 million or 7.0%, account for the balance of capital expenditures. For illustration purposes, the other beneficiaries include individuals, non-profit organizations, and government corporations and agencies.

Chart 3.5 shows the overall breakdown of capital expenditures by beneficiary.

Chart 3.5: Capital expenditures by beneficiary: $1,621.6 million



Capital expenditures take three avenues of intervention: allocations for repayment of subsidized debt principal, allocations to special funds administered by the departments, and capital investments.

Repayment of principal on subsidized debt total $1,060.8 million for 2002-2003, or 65.4% of total capital expenditures.

Allocations to special funds administered by the departments account for $216.4 million or 13.4%, and capital investments account for $344.4 million or 21.2%.

Chart 3.6 shows a breakdown of capital expenditures by these three avenues of intervention.

Chart 3.6: Capital expenditures forecast for 2002-2003: $1,621.6 million

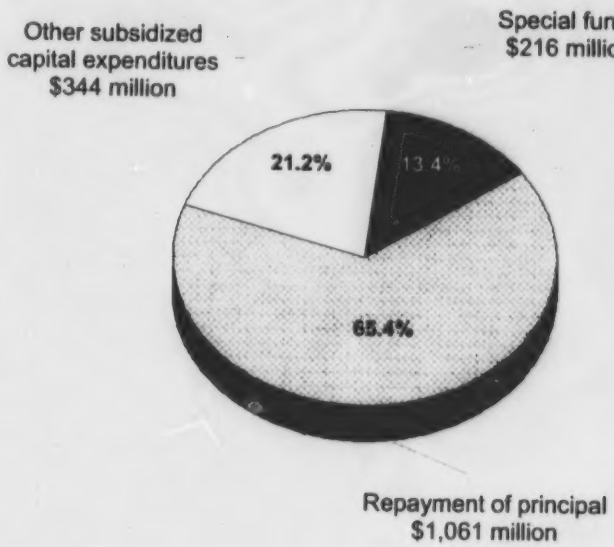


Table 3.5 shows the capital expenditures forecast for 2002-2003.

Table 3.5: Capital expenditures forecast for 2002-2003 by beneficiary

	Special funds[1]	Subsidized fixed assets		Total
		Repayment of principal	Other	
	$M	$M	$M	$M
SANTÉ ET SERVICES SOCIAUX				
Health and social service establishments	-	223.2	19.8	243.0
Other beneficiaries	-	-	2.1	2.1
	-	223.2	21.9	245.1
ÉDUCATION				
Educational institutions	-	393.8	16.5	410.3
Other beneficiaries	-	0.7	2.5	3.2
	-	394.5	19.0	413.5
OTHER				
Departments	216.4	-	-	216.4
Assistance for enterprises	-	6.9	191.7	198.6
Assistance for municipalities	-	360.5	79.1	439.6
Other beneficiaries	-	75.7	32.7	108.4
	216.4	443.1	303.5	963.0
TOTAL	216.4	1,060.8	344.4	1,621.6
2001-2002 COMPARABLE	176.7	963.1	348.8	1,488.6

[1] Including expenditures in the Capital category of the Transfers and Allocation to a special fund supercategories.

Capital appropriations for special funds

The amount allocated for special fund capital expenditures represents a $39.7-million increase from $176.7 million in 2001-2002 to $216.4 million in 2002-2003.

This change is primarily the result of an increase of $38.0 million in allocations for the Road Network Preservation and Improvement Fund, mainly related to the investments announced in the Public-sector Investment Acceleration Plan.

Expenditures for repayment of principal

Expenditures for repayment of principal serve to cover the government's share of fixed assets subsidized through debt servicing. This form of support is used for fixed assets acquired by school boards, CEGEPs, universities, health and social service establishments, municipalities for public transit and water treatment, and cultural institutions for cultural facilities.

Fixed assets in these sectors are financed by long-term loans. The payment schedule may in some cases span 25 years. To cover its share, the government undertakes to repay all or part of the principal.

Expenditures for repayment of principal rise from $963.1 million in 2001-2002 to $1,060.8 million in 2002-2003, or an increase of $97.7 million, primarily explained as follows:

— A $77.5-million increase for construction work under the investment plans of health and social service establishments, school boards, CEGEPs and universities;

— A $20.9-million increase for the Affaires municipales et Métropole portfolio, primarily for infrastructure upgrades and urban renewal.

Other subsidized fixed assets

The allocation for other subsidized fixed assets changes from $348.8 million in 2001-2002 to $344.4 million in 2002-2003, or a decrease of $4.4-million.

5. INTEREST EXPENDITURES

Interest expenditures appear not only under program spending, but also under debt service.

The interest expenditures covered by the government amount to $8,183.1 million for the 2002-2003 fiscal year, compared to $8,433.9 million for the previous fiscal year. They thus represent 16.5% of the total expenditures forecast for 2002-2003.

Interest expenditures include allocations for subsidized debt service and expenditures applied to interest payments on government debt.

Allocations for subsidized debt service amount to $1,686.1 million in 2002-2003, compared to $1,701.9 million in 2001-2002. As mentioned in section 1 of this chapter, this figure represents 3.9% of 2002-2003 program spending. However, their relative weight is 3.4% when they are considered in relation to overall government expenditures.

Forecast interest on the government debt for 2002-2003 amount to $6,497.0 million, compared to $6,732.0 million in 2001-2002. The payment of interest calculated on government debt accounts for 13.1% of the expenditure budget.

Chart 3.7 shows interest payments as a share of the government's total expenditures.

Chart 3.7: Interest expenditures as share of total expenditures for 2002-2003: $8,183.1 million

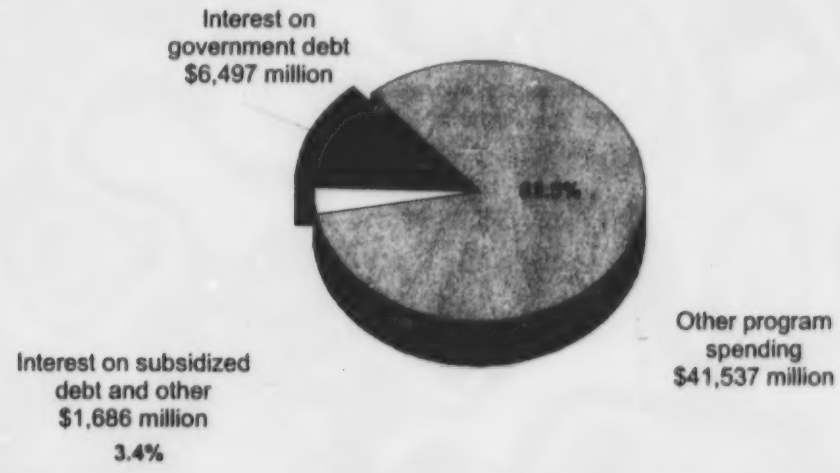

Interest on government debt $6,497 million
Other program spending $41,537 million
Interest on subsidized debt and other $1,686 million
3.4%

Table 3.6 shows the breakdown of 2002-2003 interest expenditures between government and subsidized debt.

Table 3.6: Interest expenditures forecast for 2002-2003

	Subsidized debt and other[1]	Government debt	Total
	$M	$M	$M
SANTÉ ET SERVICES SOCIAUX			
Health and social service establishments	306.3	-	306.3
	306.3	-	306.3
ÉDUCATION			
Educational institutions	620.1	-	620.1
Other beneficiaries	1.1	-	1.1
	621.2	-	621.2
OTHER			
Departments	185.4	-	185.4
Municipalities	446.5	-	446.5
Other beneficiaries	126.7	-	126.7
	758.6	-	758.6
PROGRAM SPENDING	1,686.1	-	1,686.1
DEBT SERVICE			
Direct debt	-	3,829.0	3,829.0
Retirement plans account	-	2,668.0	2,668.0
	-	6,497.0	6,497.0
TOTAL	1,686.1	6,497.0	8,183.1
2001-2002 COMPARABLE	1,701.9	6,732.0	8,433.9

[1] Includes expenditures in the Interest category of the Transfers and Allocation to a special fund supercategories.

Interest on government debt

Interest expenditures on government debt total $6,497.0 million for 2002-2003, or a decrease of $235.0 million from the previous fiscal year. They consist of two items: financial expenses attributable to direct debt and those attributable to the retirement plans account.

Financial expenses attributable to direct debt amount to $3,829.0 million in 2002-2003. Financial expenses attributable to the retirement plans account total $2,668.0 million for 2002-2003.

The $171.0-million decline in interest payments on direct debt is mainly due to lower interest rates.

Meanwhile interest expenditures related to the retirement plans account are $64.0 million lower in 2002-2003. This decrease is attributable to an increase in the interest revenue of the Fonds d'amortissement des régimes de retraite further to an increase in its deposits. This revenue is accounted for as decrease of interest expenditures for the retirement plans account.

Interest on subsidized debt

Interest on subsidized debt amounts to $1,686.1 million in the 2002-2003 fiscal year, as shown in Chart 3.8. The beneficiaries are:

— Educational institutions at $620.1 million, or 36.8% of total subsidized interest expenditures;

— Municipalities at $446.5 million, or 26.5% of total subsidized interest expenditures;

— Health and social service establishments at $306.3 million, or 18.1% of total subsidized interest expenditures;

— Other beneficiaries at $127.8 million, or 7.6% of total subsidized interest expenditures;

— Departments at $185.4 million, or 11.0% of total subsidized interest expenditures.

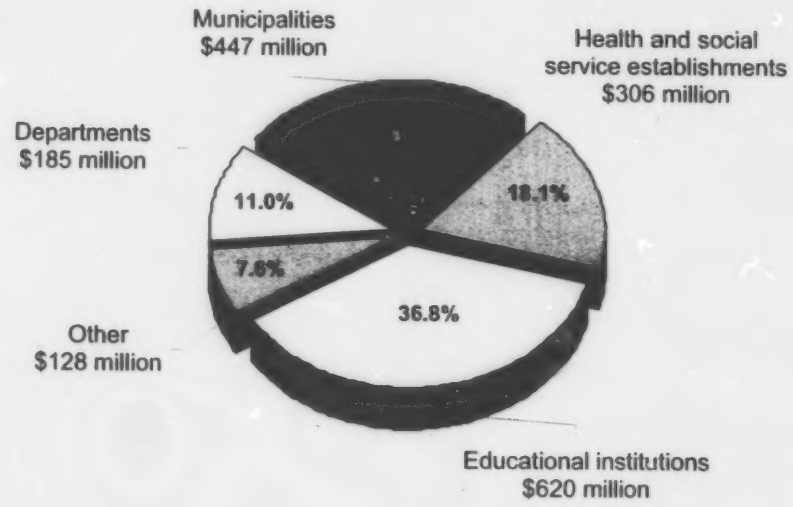
Interest on subsidized debt is $1,686.1 million in the 2002-2003 fiscal year, compared to $1,701.9 million in 2001-2002, a decrease of $15.8 million. This decline is primarily due to three factors:

— A decrease of $20.0 million in the Affaires municipales et Métropole portfolio, mainly because of a reduction in repayment of loans under Québec water treatment and aqueduct and sewer system construction programs;

— Decreases of $44.9 million and $17.8 million for educational institutions and health and social service establishments respectively, mainly because of lower interest rates;

— An increase of $62.6 million to cover the additional interest expenses incurred under the Road Network Preservation and Improvement Fund of the ministère des Transports.

Chart 3.8: Interest on subsidized debt by beneficiary: $1,686.1 million



6. SUPPORT EXPENDITURES

Expenditures in the Support category encompass various support and assistance programs mainly intended for individuals, non-profit organizations, enterprises and municipalities. They specifically include:

— In the Santé et Services sociaux portfolio, the Medical Assistance and Prescription Drug Insurance programs administered by the Régie de l'assurance maladie du Québec and assistance for family-type resources and community organizations and auxiliary subsidies for the health and social services network;

— In the Éducation portfolio, the School Transportation Program and the Student Financial Assistance Program;

— In the Emploi, Solidarité sociale portfolio, financial assistance and employment assistance measures;

— In the Famille, Enfance et Condition féminine portfolio, child allowance programs and support for early childhood centres and other child care services;

— In other departments, programs such as:

- assistance for social housing and home improvement managed by the Société d'habitation du Québec;
- financial compensation programs in the ministère des Affaires municipales et de la Métropole;
- the financial assistance for farmers and for agri-food businesses programs of the ministère de l'Agriculture, des Pêcheries et de l'Alimentation;
- the municipal public transportation assistance programs of the ministère des Transports;
- the financial assistance for the manufacturing and commercial sectors and for the development of the external trade program of the ministère de l'Industrie et du Commerce;
- the financial support for the development of research and innovation of the ministère de la Recherche, de la Science et de la Technologie.

Table 3.7: Support expenditures forecast for 2002-2003

	Transfers $M	Other[1] $M	Total $M
SANTÉ ET SERVICES SOCIAUX			
Health and social service establishments	313.9	-	313.9
Assistance for individuals	1,349.1	-	1,349.1
Other beneficiaries	441.8	-	441.8
	2,104.8	-	2,104.8
ÉDUCATION			
Educational institutions	419.5	-	419.5
Assistance for individuals	263.6	-	263.6
Other beneficiaries	42.9	-	42.9
	726.0	-	726.0
EMPLOI, SOLIDARITÉ SOCIALE			
Educational institutions	-	96.7	96.7
Assistance for individuals	2,583.6	362.8	2,946.4
Other beneficiaries	15.2	327.5	342.7
	2,598.8	787.0	3,385.8
FAMILLE, ENFANCE ET CONDITION FÉMININE			
Assistance for individuals	567.2	-	567.2
Other beneficiaries	1,222.5	-	1,222.5
	1,789.7	-	1,789.7
OTHER			
Assistance for enterprises	660.4	43.2	703.6
Assistance for municipalities	614.9	1.2	616.1
Assistance for individuals	246.4	0.6	247.0
Other beneficiaries	678.5	56.2	734.7
	2,200.2	101.2	2,301.4
TOTAL	9,419.5	888.2	10,307.7
2001-2002 COMPARABLE	9,214.5	894.7	10,109.2

[1] Includes expenditures in the Support category of the Allocation to a special fund supercategory.

Support expenditures total $10,307.7 million for 2002-2003 compared to $10,109.2 million in 2001-2002. This $198.5-million increase is primarily the result of the following changes:

Decreases

— In the Emploi, Solidarité sociale portfolio, a $126.7-million decline primarily due to the anticipated drop in the number of households on income security in 2002-2003;

— In the Transports portfolio, a $34.6-million reduction mainly as a result of revisions to the subsidy payment calendar for the Adapted Transportation for Handicapped Persons and Assistance for Operations of Public Transit Municipal Agencies and Public Transit Intermunicipal Corporations programs.

Increases

— In the Famille, Enfance et Condition féminine portfolio, the $181.9-million increase is mainly attributable to the increase in the capacity of the educational child-care services system by adding new places at early childhood and daycare centres and to the annualizing of the development of places;

— In the Santé et Services sociaux portfolio, a $71.9-million increase essentially for the additional costs of the blood system as well as for promotion and services related to volunteer organizations;

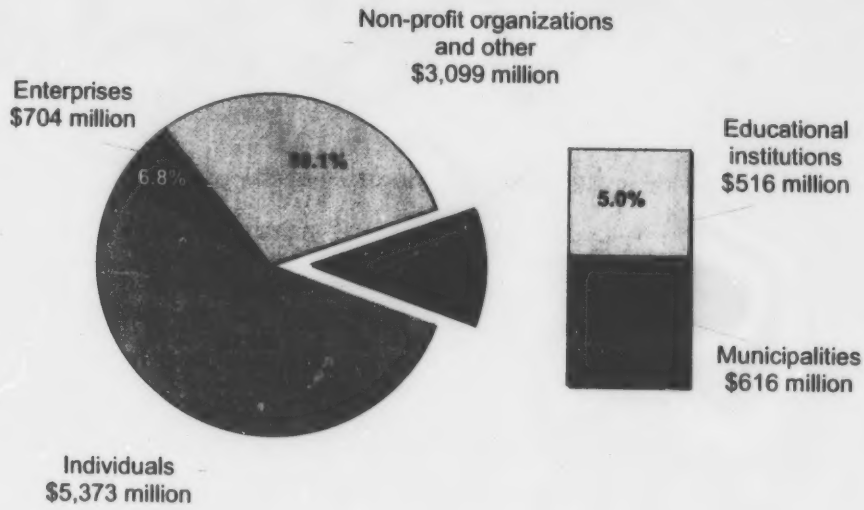
— In the Affaires municipales et Métropole portfolio, a $57.9-million increase due mostly to an increase in the sums stemming from fiscal pact measures and municipal reorganization, as well as adjustments to compensation in lieu of taxes for municipalities;

— In the Éducation portfolio, the $26.0-million increase is attributable primarily to more assistance for school transportation and various organizations active in education;

— In the Agriculture, Pêcheries et Alimentation portfolio, a $24.1-million increase to cover the additional allocations for the municipal and school tax refund program as well as to set up traceability and quality-assurance systems.

Over half of support expenditures represent payments to individuals: for 2002-2003 this amount is $5,373.2 million or 52.1%. Chart 3.9 shows the breakdown of support expenditures by beneficiary.

Chart 3.9: Breakdown of Support Expenditures for 2002-2003 by Beneficiary: $10,307.7 million



7. EXPENDITURES PERTAINING TO THE PROVISION FOR BAD DEBTS AND OTHER PROVISIONS

Table 3.8 presents the expenditures inherent in the change in the provision for bad debts and the provision for losses on financial initiatives guaranteed by the government. They are grouped together in the Bad Debts and Other Provisions supercategory. The allocation for 2002-2003 is $354.3 million, compared to $330.6 million in the 2001-2002 fiscal year.

Provision for bad debt

For 2002-2003, the provision for bad debt expenditures total $261.4 million, or a decrease of $8.3 million from the previous year. This decline is mainly a result of a variance in the provision under the Emploi, Solidarité sociale portfolio.

Provision for losses on financial initiatives guaranteed by the government

Expenditures in respect of losses on financial initiatives guaranteed by the government amount to $92.9 million in 2002-2003, an increase of $32.0 million. This rise comes under the ministère des Finances mainly because of an intensified effort at economic development, which is primarily reflected in more funding for Investissement Québec as well as economic-development and job-creation initiatives.

Table 3.8: Expenditures pertaining to the 2002-2003 provisions for bad debts and other provisions

	Bad debt	Losses on financial initiatives guaranteed by the government	Total
	$M	$M	$M
Éducation	76.8	-	76.8
Emploi, Solidarité sociale	9.3	-	9.3
Finances	-	91.3	91.3
Revenu	154.6	-	154.6
Other departments	20.7	1.6	22.3
TOTAL	261.4	92.9	354.3
2001-2002 COMPARABLE	269.7	60.9	330.6

Breakdown of the 2002-2003 Expenditure Budget by major category (in millions of $)

	Remuneration	Operations and other[1]	Capital	Interest	Support	Total
National Assembly[2]	67.2	24.1	-	-	0.2	91.5
Persons Appointed by the National Assembly[2]	30.7	14.6	-	-	2.6	47.9
Affaires municipales et Métropole	70.3	35.7	292.4	454.2	667.3	1,519.9
Agriculture, Pêcheries et Alimentation	160.6	58.8	16.7	-	407.5	643.6
Conseil du trésor, Administration et Fonction publique	404.5	130.7	2.0	7.8	3.2	548.2
Conseil exécutif	35.4	54.9	3.4	4.1	80.6	178.4
Culture et Communications	137.9	99.1	50.0	46.4	170.7	504.1
Éducation	8,470.5	912.6	413.5	621.2	726.0	11,143.8
Emploi, Solidarité sociale	372.4	165.1	41.0	3.5	3,385.8	3,967.8
Environnement	106.3	44.1	12.2	3.0	15.6	181.2
Famille, Enfance et Condition féminine	30.9	20.0	17.9	0.6	1,789.7	1,859.1
Faune et Parcs	58.3	36.2	5.4	0.1	7.4	107.4
Finances	96.9	214.2	158.8	-	158.9	628.8
Industrie et Commerce	48.8	33.8	-	0.3	62.0	144.9
Justice	316.0	152.9	0.5	-	38.8	508.2
Recherche, Science et Technologie	19.9	13.1	-	0.4	213.1	246.5
Régions	12.0	12.2	12.7	-	157.8	194.7
Relations avec les citoyens et Immigration	124.0	48.6	-	-	27.3	199.9
Relations internationales	51.8	31.4	0.8	0.4	23.1	107.5
Ressources naturelles	123.0	86.5	0.4	2.2	65.5	277.6
Revenu	324.2	305.2	24.7	4.5	0.1	658.7
Santé et Services sociaux	12,500.3	2,294.9	245.1	306.3	2,104.8	17,451.4
Sécurité publique	490.8	262.0	4.3	0.2	32.8	790.1
Tourisme, Loisir et Sport	26.4	10.0	7.6	3.9	80.2	128.1
Transports	284.4	452.2	312.2	227.0	86.5	1,362.3
Travail	44.4	16.6	-	-	0.2	61.2
Savings to be realized	-	(300.0)	-	-	-	(300.0)
2002-2003 appropriations carried over to 2003-2004	-	(29.8)	-	-	-	(29.8)
Program spending	**24,407.9**	**5,199.7**	**1,621.6**	**1,686.1**	**10,307.7**	**43,223.0**
Government debt service	-	-	-	6,497.0	-	6,497.0
Total expenditures	**24,407.9**	**5,199.7**	**1,621.6**	**8,183.1**	**10,307.7**	**49,720.0**

[1] This item includes the provision for bad debt and savings to be realized.

[2] Information on National Assembly and Persons Appointed by the National Assembly appropriations and expenditures can be found in Volume I.

2002-2003 Program spending breakdown by beneficiary (in millions of $)

	Departments[1]	Health and social service establishments	Educational institutions	Individuals[2]	Municipalities	Enterprises	Other[3]	Total
National Assembly[4]	91.3	-	-	0.1	-	-	0.1	91.5
Persons Appointed by the National Assembly[4]	45.3	-	-	-	-	-	2.6	47.9
Affaires municipales et Métropole	64.3	-	21.3	125.1	1,078.2	12.1	218.9	1,519.9
Agriculture, Pêcheries et Alimentation	170.2	-	3.3	-	4.4	404.6	61.1	643.6
Conseil du trésor, Administration et Fonction publique	523.9	1.5	19.6	-	0.8	2.2	0.2	548.2
Conseil exécutif	89.8	-	0.3	-	5.0	9.1	74.2	178.4
Culture et Communications	100.4	-	0.6	9.6	41.5	42.6	309.4	504.1
Éducation	203.4	-	10,616.2	263.6	-	-	60.6	11,143.8
Emploi, Solidarité sociale	572.2	-	96.7	2,946.4	0.5	70.6	281.4	3,967.8
Environnement	150.4	-	-	-	18.4	-	12.4	181.2
Famille, Enfance et Condition féminine	50.8	-	-	567.2	-	187.2	1,053.9	1,859.1
Faune et Parcs	94.4	-	-	-	5.4	-	7.6	107.4
Finances	267.8	-	-	35.1	-	262.1	63.8	628.8
Industrie et Commerce	82.6	-	7.8	-	-	40.8	13.7	144.9
Justice	345.7	-	-	80.3	-	-	82.2	508.2
Recherche, Science et Technologie	23.3	92.3	24.9	50.3	-	1.0	54.7	246.5
Régions	24.3	0.2	1.3	-	3.5	68.9	96.5	194.7
Relations avec les citoyens et Immigration	172.6	-	0.4	14.7	1.0	-	11.2	199.9
Relations internationales	84.4	-	1.2	2.0	-	-	19.9	107.5
Ressources naturelles	206.7	-	0.6	-	1.8	32.2	36.3	277.6
Revenu	658.6	-	-	-	-	-	0.1	658.7
Santé et Services sociaux	112.1	12,262.8	-	4,536.7	-	114.9	424.9	17,451.4
Sécurité publique	757.3	-	3.1	2.9	24.9	-	1.9	790.1
Tourisme, Loisir et Sport	30.0	1.6	-	-	1.7	12.0	82.8	128.1
Transports	1,020.8	-	0.7	1.3	281.9	17.9	39.7	1,362.3
Travail	61.0	-	-	-	-	-	0.2	61.2
Savings to be realized		-	-	-	-	-	(300.0)	(300.0)
2002-2003 appropriations carried over to 2003-2004	(29.8)	-	-	-	-	-	-	(29.8)
Program spending	**5,973.8**	**12,358.4**	**10,798.0**	**8,635.3**	**1,469.0**	**1,278.2**	**2,710.3**	**43,223.0**

[1] Includes expenditures accounted for in the special funds.

[2] Includes health professionals.

[3] Includes non-profit organizations, government corporations and agencies, and savings to be realized.

[4] Information on National Assembly and Persons Appointed by the National Assembly appropriations and expenditures can be found in Volume I.

CHAPTER 4
PUBLIC SERVICE RENEWAL

CHAPTER 4

PUBLIC SERVICE RENEWAL

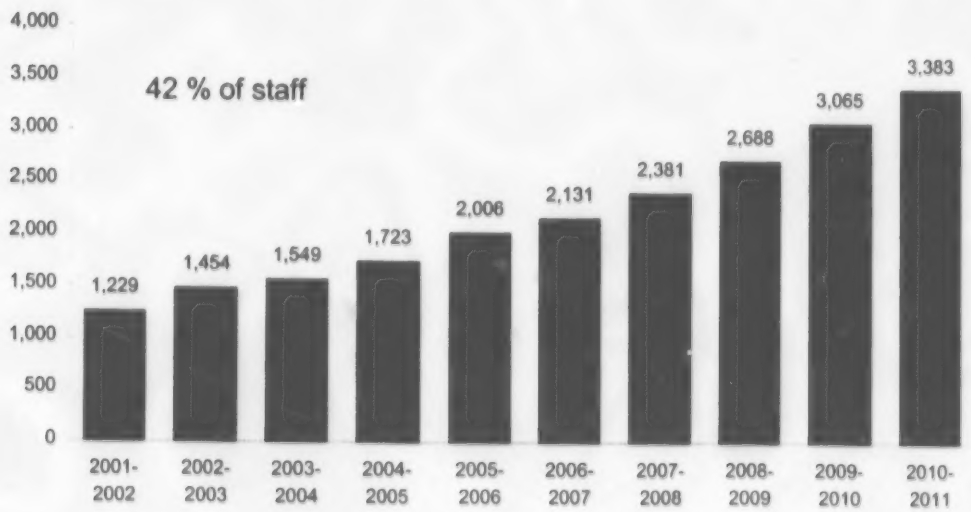
This chapter considers the issues resulting from the aging of the public service and describes the action taken to promote renewal of the workforce.

1. WORKFORCE PLANNING

From 1993 to 1998, the Québec public service workforce decreased significantly, notably from 71,555 to 62,549 persons. During this period, some 2,000 persons were laid off, primarily due to budgetary factors and the importance of reaching the goal of zero deficit. Furthermore, 1996 to 1998 brought the largest declines in the regular workforce, as a result of the introduction of two open-window retirement programs. These phenomena contributed to the problem of the aging of the public service workforce.

Despite the resumption of recruiting for the public service, over 42% of today's regular workforce, namely 21,000 employees, will leave over the next decade. In view of this, a team was formed on April 1, 2000 to carry out planning with regard to the public service workforce. The group's mandate also includes guiding departments and agencies in their workforce planning and chairing the Interdepartmental Workforce Planning Group set up in May 2001 in response to a request by public service workforce planners. This planning group is essentially a forum for sharing tools and experiences.

Chart 4.1: Anticipated departures form 2001 to 2011 in the public service



The process of workforce planning specifically focuses on identifying future labour force requirements, forecasting the attrition of current employees and determining possible labour force shortages or surpluses.

A workforce planning tool is therefore being developed. This new tool will make it possible to refine the current forecast of the regular workforce, given that it will take into account job categories as well as casual employees. The new forecasting model should be available by April 2002 and will be accompanied by a guide describing the various elements involved in workforce planning. A staffing forecast along with an analysis of the available labour pools will be carried out during the 2002-2003 fiscal year.

2. WORKFORCE RENEWAL

Renewal of the public service workforce has primarily been rendered necessary by the following two factors: the aging of employees and the modernization of public service processes and procedures. This renewal will mostly take two forms:

— The recruitment of new public servants to replace the large number of employees that will be retiring over the course of the next several years;

— Development measures designed to ensure that existing personnel acquire new skills to deal with new realities such as technological advances and changes in how public services are provided to citizens.

In this context, a workforce planning process will not only make it possible to forecast all labour force needs — including short-, medium- and long-term — from a quantitative perspective, but will also allow for profiling future required skills.

A comprehensive workforce planning process will therefore shape future decisions in terms of changes in management practices, enable identification of personnel development requirements and allow for forecasting shortages or surpluses for which, in turn, sustainable solutions will need to be found.

The departure of a large number of experienced public servants acutely raises the issue of preserving skills for the continuity of the public service. A vast skills-transfer process involving the public service thus becomes essential. This transfer must be structured and carried out in the best possible way, namely, in a manner that ensures efficient appropriation and operational continuity, while seeking to judiciously distribute these skills amongst the various generations of public servants.

Similarly, modernization is leading to a change in management practices and work methods. The refinement of technological tools is also redefining how public services are provided. This involves the adapting of skills to this new environment as well as to new requirements and new issues. Training measures must seek to both keep existing skills up-to-date and develop new skills.

Moreover, the retirements will have a greater impact at the management level than on other job categories. Management succession becomes a major renewal issue, given the role of managers in public service activities and the indisputable impact of a large number of departures from this labour pool in the near future. It will therefore be necessary, in the coming years, to make a substantial effort to provide for management succession at all supervisory levels. These efforts will consist of

development programs leading to supervisory positions for existing personnel with management potential as well as recruitment targeting pools of experienced candidates.

3. ACTION PLAN FOR WORKFORCE REJUVENATION

In June 2001 the government announced various measures related to public service workforce renewal. These included the launch of the most extensive recruitment campaign in the past 20 years and a $6.4 million investment in public service internship and mentoring programs. Moreover, and this on the same occasion, the Comité de travail sur l'intégration des jeunes à la fonction publique québécoise (Comité Hamad) was given a mandate to provide the government with recommendations on how to increase and accelerate the presence of new generations in the public service in the medium- and long-term.

In November 2001, this committee, consisting of representatives from both the public service and the private sector, issued a report containing 28 recommendations primarily related to the recruitment, orientation and integration of new employees, the transfer of knowledge and existing skills and, career management. The report was very positively received and will, in the coming months, be followed by the government's action plan for rejuvenating its workforce.

The main orientations guiding the preparation of the "Young Adult" action plan revolve around a few key issues:

— Providing opportunities within the public service for youth from all communities, while promoting excellence;

— Developing a sense of belonging among the young recruits by promoting, among others, networking and mentoring activities;

— Offering youth with strong potential interesting career opportunities including, notably, access to supervisory positions.

The main objective of this action plan is to double, over a five-year period, the number of young people in the public service workforce. This objective will be pursued through various forms of recruitment and supported by a number of actions designed to make the option more interesting to youth, given the fierce competition among employers that characterises the present environment. Initiatives will include a sustained presence in educational institutions and efforts to promote the public service and enhance its image among young people. The action plan also aims to ensure the retention of young employees within the public service. Furthermore, it encourages them to contribute fully, particularly through orientation and mentoring programs, while providing opportunities for them as management successors.

Another key objective of the action plan is to broaden public service's diversity. In fact, to ensure that the public service is more representative of the various components of Québec society, the government intends to benefit from the opportunity represented by the need for renewal in order to increase the presence of traditionally underrepresented groups within the regular workforce.

4. PUBLIC SERVICE ETHICS

Within the specific context of the reform of management method and the passing of the *Public Administration Act* (2000, C. 8) in May 2000, it is appropriate to consolidate the ethical infrastructure, which includes ethical values and rules. In fact, since administrative rules are less detailed, public servants must increasingly make use of ethical reasoning to guide their decisions and actions.

In recent years, there have been major reforms of public administrations in many countries. Moreover, in 2000, the Organization for Economic Co-operation and Development (OECD) published a report on the main measures taken in this area by 29 member countries. As stated in the report, it is imperative that public services inspire public confidence. Respect for ethics is an implicit prerequisite to achieving this condition.

The Commitment of Authorities

During the past 18 months, government authorities have made firm commitments to reinforce the ethical infrastructure within Québec's public administration. As a result of deliberations on the matter by a workgroup of deputy ministers within the context of implementing the *Public Administration Act* (2000, c. 8), a plan to review the *Standards of Ethics and Discipline and Provisional Suspension (Public Service) Regulation* and a draft Declaration of Values were developed.

Meanwhile, the Auditor General, drawing on the principles of the OECD study, included observations and recommendations on this ethical infrastructure in his 2001 annual report. Last October 18, the Secretary of the Conseil du trésor and the Secretary General of the Conseil exécutif appeared at a hearing of the Commission de l'administration publique, which attested to a firm commitment to exercising leadership in the realm of ethics. A report on the actions taken will be submitted to the Commission in late 2002

An Existing Infrastructure

Québec's public service already has the cornerstones of an ethical infrastructure. The values and rules are spelled out in the *Public Service Act* (R.S.Q., c. F-3.1.1) and in the *Standards of Ethics and Discipline and Provisional Suspension (Public Service) Regulation*. In addition to the legal framework, appropriate procedures and disciplinary measures, along with accountability mechanisms, are addressed. Furthermore, public service employment conditions favour ethical behaviour. Employees can benefit from pertinent information, training and guidance in this area.

Actions Well Underway

Even though the cornerstones of the ethical infrastructure are in place, certain aspects must be improved and updated. Thus, a draft regulation on ethics and discipline is expected to be published in the *Gazette officielle du Québec* in the coming months and a Public Administration Declaration of Values could be adopted. This would reaffirm the fundamental values shared by all members of the administration.

Consolidation of the ethical infrastructure in Québec's public service is providing an opportunity to reaffirm that ethics constantly remains an important issue for all members of the administration. Renewal of the public service, particularly with new recruits from every horizon, is also an opportunity to reiterate this notion. Moreover, the Government Orientation Program for new employees covers this dimension, as does the apprenticeship program for new managers.

In addition, an awareness and educational campaign for managers on ethics in the workplace, as well as pertinent guides, are being developed. This effort will be adapted so that all personnel can be attuned to the ethics appropriate to their environment.

The creation of a network of ethics specialists appointed by deputy ministers and agency heads is another example of this issue's importance. This network will improve communication between departments and agencies and lead to a better understanding of the problems at hand.

CHAPTER 5

STAFF LEVEL AS SHOWN IN THE 2002-2003 EXPENDITURE BUDGET

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STAFF LEVEL AS SHOWN IN THE 2002-2003 EXPENDITURE BUDGET

This chapter examines the change in staff levels of government departments and agencies as shown in the 2002-2003 Expenditure Budget. The following points are discussed:

— The share of department and agency staff levels in relation to the total staff level of the public and parapublic sectors;

— The change in staff levels of departments and agencies over the past ten years;

— The changes that occurred during the 2001-2002 fiscal year;

— The changes forecast for the 2002-2003 fiscal year.

It should be noted that government employees are counted on the basis of full-time equivalent (FTE) positions, a measurement which expresses, on an annual basis, the ratio between the salary paid and the base pay according to the classification. The total staff level forecast, expressed in FTEs, corresponds to the maximum number of regular and casual employees who may be used by a department or agency, while the total utilized staff level is equivalent to the actual consumption by a department or agency.

1. STAFF LEVEL IN THE PUBLIC AND PARABLIC SECTORS IN 2001-2002

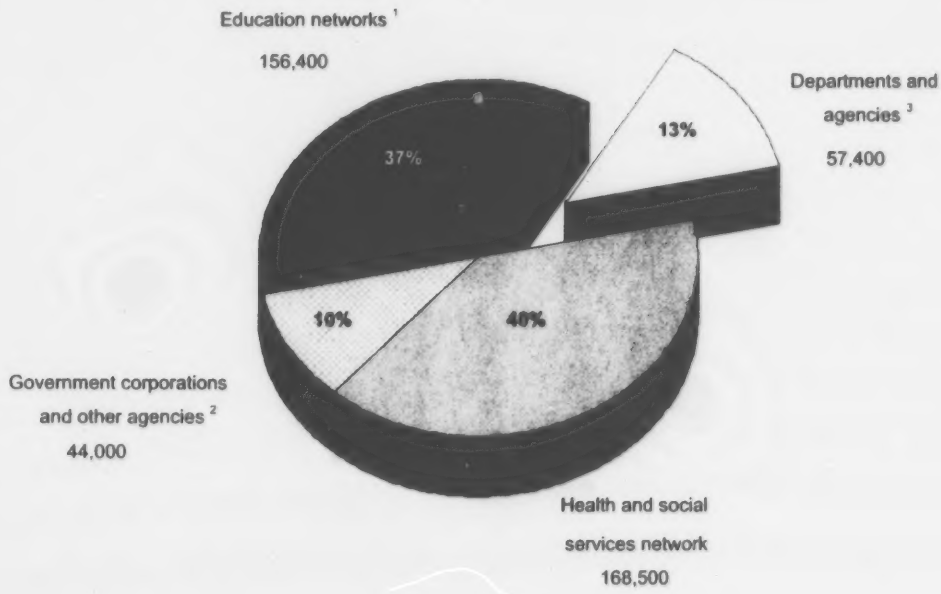
The total staff level of the public and parapublic sectors stands at 426,300 FTEs in 2001-2002. Chart 5.1 shows the staff level breakdown among the various sectors.

The staff level of the departments and agencies presented in the 2002-2003 Expenditure Budget amounts to 57,400 FTEs, accounting for 13% staff level of the public and parapublic administration. The staff level of government corporations and other agencies totals 44,000 FTEs, or 10%.

The staff level of the health and social services network is estimated at approximately 168,500 FTEs. That of the education networks is estimated at nearly 156,400 FTEs. More than 75% of the total staff level can be found in these two networks.

Only part of the public and parapublic sectors staff level is subject to the *Public Service Act* (R.S.Q., c. F-3.1.1), or 64,832 in 2001-2002. These staff levels are found not only in the portfolios presented in Volume II of the 2002-2003 Expenditure Budget but also in certain other government agencies or corporations. Appendix A distinguishes between staff levels subject and not subject to the Act.

Chart 5.1: Breakdown of the public and parapublic staff level in 2001-2002: 426,300 FTEs



[1] Include the school boards, public colleges and universities.

[2] Including government corporations, agencies performing fiduciary activities and consolidated agencies.

[3] The utilized staff level of the departments and agencies stands at 57,423 FTEs in 2001-2002. The forecast includes the special funds and the GST Management Account.

2. STAFF LEVEL OF DEPARTMENTS AND AGENCIES OVER THE PAST 10 YEARS

Over the past ten years, the staff level of government departments and agencies has decreased by 3,463 FTEs, from 60,886 FTEs in 1991-1992 to 57,423 FTEs in 2001-2002.

It should be noted that despite the reduction observed, staff levels had been added for certain files:

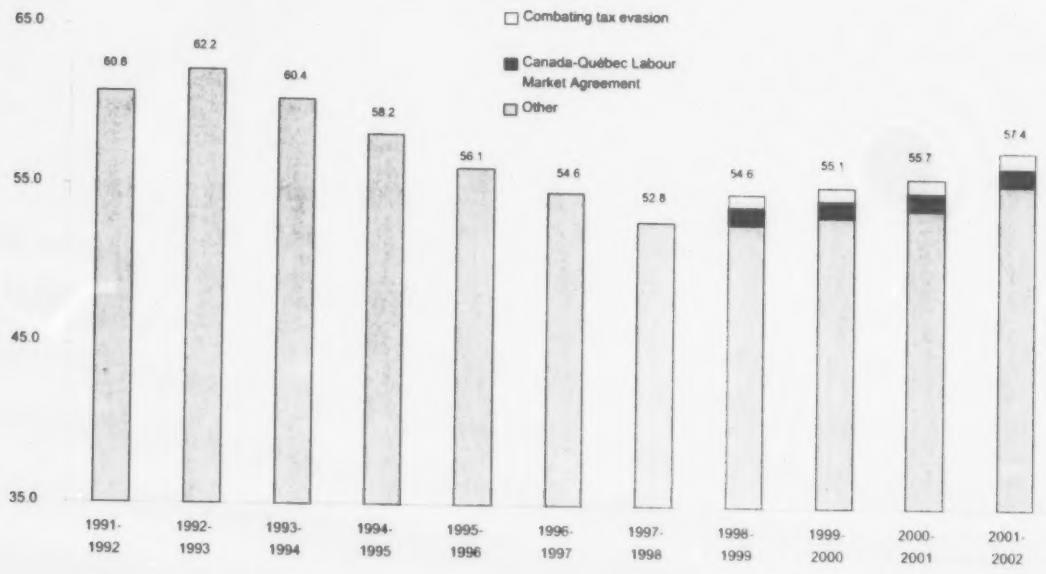
— The staff level increase in 1992-1993 resulted from the Canada-Québec agreement concerning the government action plan on the orientation and integration of immigrants and from the implementation of the QST and the takeover of the GST by ministère du Revenu;

— The staff level increase of 1998-1999 to 2000-2001 is mainly due to the Canada-Québec Labour Market Agreement and the intensification of activities related to the collection of revenues owed to the government, such as tax evasion at the ministère du Revenu, collection of bad debts and combating black-market labour in the construction industry.

Staff level growth was observed in most portfolios in 2001-2002. However, a greater increase was observed in the Sécurité publique portfolio to reinforce the fight against organized crime, police security on the highway network and the integration of municipal police forces and in the Justice portfolio for support for the judiciary and the Register Fund.

Chart 5.2 illustrates the changes in the staff level utilized of the departments and agencies since 1991-1992. A detailed table presented in Appendix B compares the utilized staff level over the past ten years in relation to the staff level forecast.

Chart 5.2: Changes in department and agency staff levels (in thousands of FTEs) [1]



[1] These data reflect the utilized staff level and are presented for each of the years on the same basis as the data for 2002-2003.

3. CHANGES IN STAFF LEVEL IN 2001-2002

Since the beginning of the 2001-2002 fiscal year, the staff level of departments and agencies as shown in the Expenditure Budget has been increased by 831 FTEs, from 56,486 FTEs to 57,317 FTEs.

The main changes occurring in 2001-2002 can be found in the following portfolios:

— In the Sécurité publique portfolio, increase of 164 FTEs, including 72 FTEs at the Sûreté du Québec, particularly to integrate the abolished municipal police forces, 44 FTEs at the Régie des alcools, des courses et des jeux for management and control of video lottery machine licences, and 41 FTEs to increase intermediate supervision in correctional services;

— In the Emploi, Solidarité sociale portfolio, increase of 99 FTEs for the development and maintenance of computer systems to support Québec's repatriation of active employment measures and to ensure delivery of services to employment assistance clientele;

— In the Revenu portfolio, increase of 85 FTEs, including 35 FTEs at the Centre de perception fiscale for collection of support payment debts and 25 FTEs at the Fonds des pensions alimentaires;

— In the Conseil exécutif portfolio, increase of 78 FTEs, including 50 FTEs for the performance of its new mandates and 28 FTEs resulting from the transfer of responsibilities concerning the Development of Québec's Capital;

— In the Justice portfolio, increase of 74 FTEs, including 39 FTEs to operate the register of personal and movable real rights (RDPRM) business line and to ensure the management of the Register Fund, and 16 FTEs to implement the integrated justice information system;

— In the Santé et Services sociaux portfolio, increase of 59 FTEs to combat smoking and the fulfillment of departmental priorities;

— In the Environnement portfolio, increase of 47 FTEs to ensure implementation of the files regarding management of the agricultural domain, soil protection and dam supervision and maintenance;

— In the Director General of Elections, increase of 43 FTEs to perform this institution's mandates.

Table 5.1 summarizes the changes made to the staff level initially forecast for 2001-2002 for the purposes of establishing the comparative data shown in the 2002-2003 Expenditure Budget.

Table 5.1: Change in staff level in 2001-2002 (in number of FTEs)

2001-2002 STAFF LEVEL IN THE 2001-2002 EXPENDITURE BUDGET		**56,486**
Adjustments during the year:		
- Sécurité publique	164	
- Emploi, Solidarité sociale	99	
- Revenu	85	
- Conseil exécutif	78	
- Justice	74	
- Santé et Services sociaux	59	
- Environnement	47	
- Director General of Elections	43	
- Various departments	182	
		831
2001-2002 COMPARATIVE STAFF LEVEL APPEARING IN THE 2002-2003 EXPENDITURE BUDGET		**57,317**

4. FORECAST STAFF LEVEL IN 2002-2003

The total forecast staff level for 2002-2003 is slightly higher, up 123 FTEs from the 2001-2002 comparative staff level. These increases can be found in the following portfolios:

— In the Relations avec les citoyens et Immigration portfolio, increase of 52 FTEs at the Public Curator to enable this institution to continue the reform of its administrative processes;

— In the National Assembly, increase of 44 FTEs to ensure the performance of its mandates;

— In the Famille, Enfance et Condition féminine portoflio, increase of 20 FTEs to ensure the implementation and monitoring of the family policy.

Table 5.2 summarizes the main changes forecast in the forecast staff level between the 2001-2002 and 2002-2003 budget years. The breakdown by department is presented in Appendix C.

Table 5.2: Forecast staff level in the 2002-2003 Expenditure Budget (in number of FTEs)

2001-2002 COMPARATIVE STAFF LEVEL		**57,317**
Forecast adjustments for the 2002-2003 fiscal year:		
- Relations avec les citoyens et Immigration	52	
- National Assembly	44	
- Famille, Enfance et Condition féminine	20	
- Various departments	7	
		123
FORECAST STAFF LEVEL IN 2002-2003		**57,440**

APPENDIX A

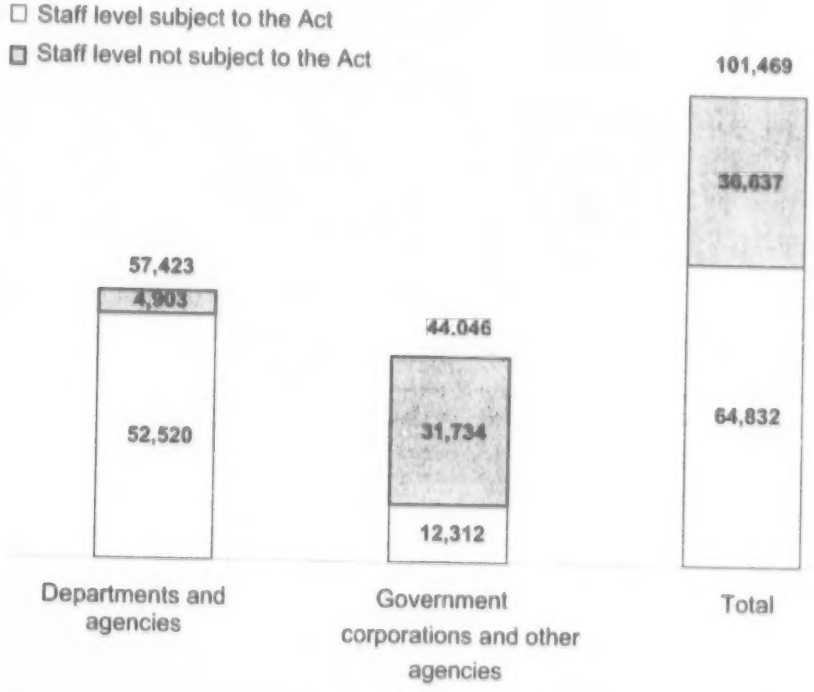
Staff level subject to the *Public Service Act*

Only a portion of the staff level of the public and parapublic sectors is subject to the *Public Service Act* (R.S.Q., c. F-3.1.1). The number of FTEs subject to this Act is 64,832 FTEs in 2001-2002, mainly found in the departments and agencies.

The following chart illustrates the distribution between the subject and non-subject staff levels of the two sectors concerned.

The staff level of the departments and agencies includes 52,520 FTEs subject to the *Public Service Act* (R.S.Q., c. F-3.1.1) out of the 57,423 regular and casual FTEs. The 4,903 non-subject FTEs notably include the police staff level of the Sûreté du Québec, the judges and the Attorney General's prosecutors. Regarding government corporations and other agencies, the total staff level includes 12,312 FTEs subject to the *Public Service Act* (R.S.Q., c. F-3.1.1) and 31,734 FTEs not subject to this Act.

Breakdown of staff level subject to the *Public Service Act* in 2001-2002 (in number of FTEs)



APPENDIX B

Change in staff level of departments and agencies presented in the 2002-2003 Expenditure Budget

The following table illustrates the change since 1991-1992 in the forecast staff level and the utilized staff level.

Change in staff level [1] of departments and agencies presented in the 2002-2003 Expenditure Budget (in number of FTEs)

	Forecast staff level		Utilized staff level	
	FTEs	Change	FTEs	Change
1991-1992	66,305	—	60,886	—
1992-1993	65,192	(1,113)	62,248	1,362
1993-1994	63,352	(1,840)	60,430	(1,818)
1994-1995	60,599	(2,753)	58,161	(2,269)
1995-1996	59,743	(856)	56,087	(2,074)
1996-1997	56,820	(2,923)	54,582	(1,505)
1997-1998	54,555	(2,265)	52,762	(1,820)
1998-1999	55,310	755	54,537	1,775
1999-2000	55,413	103	55,075	538
2000-2001	56,334	921	55,739	664
2001-2002 [2]	57,317	983	57,423	1,684

[1] The data are presented on the same basis as for the 2002-2003 fiscal year.

[2] The 2001-2002 forecast staff level corresponds to the comparative staff level shown in Volumes I and II of the 2002-2003 Expenditure Budget and the utilized staff level is a probable estimate as at March 31, 2002.

APPENDIX C

Total staff level in 2001-2002 and 2002-2003 for departments and agencies shown in the 2002-2003 Expenditure Budget (in number of FTEs) [1]

	2001-2002 Expenditure Budget	Changes	2001-2002 Comparative Staff Level	Changes	2002-2003 Expenditure Budget
National Assembly [2]	548	—	548	44	592
Persons Appointed by the National Assembly [2]	442	43	485	4	489
Affaires municipales et Métropole	743	19	762	—	762
Agriculture, Pêcheries et Alimentation	2,162	6	2,168	—	2,168
Conseil du trésor, Administration et Fonction publique	1,696	49	1,745	—	1,745
Conseil exécutif	382	78	460	—	460
Culture et Communications	1,024	25	1,049	—	1,049
Éducation	1,396	(1)	1,395	—	1,395
Emploi, Solidarité sociale	6,381	99	6,480	—	6,480
Environnement	1,788	47	1,835	4	1,839
Famille, Enfance et Condition féminine	545	1	546	20	566
Faune et Parcs	1,055	(1)	1,054	—	1,054
Finances	1,114	2	1,116	—	1,116
Industrie et Commerce	802	—	802	(4)	798
Justice	3,432	74	3,506	(4)	3,502
Recherche, Science et Technologie	218	39	257	—	257
Régions	170	(6)	164	—	164
Relations avec les citoyens et Immigration	2,354	25	2,379	52	2,431
Relations internationales	587	—	587	—	587
Ressources naturelles	3,483	(2)	3,481	—	3,481
Revenu	8,289	85	8,374	—	8,374
Santé et Services sociaux	901	59	960	—	960
Sécurité publique	9,344	164	9,508	(2)	9,506
Tourisme, Loisir et Sport	427	—	427	9	436
Transports	6,375	1	6,376	—	6,376
Travail	828	26	854	—	854
TOTAL	56,486	831	57,317	123	57,440

1 The staff level includes the special funds and the GST Management Account of the ministère du Revenu.

2 The information on the budget of the National Assembly and Persons Appointed by the National Assembly appears in Volume I of the 2002-2003 Expenditure Budget.

F2

CHAPTER 6

THE PUBLIC-SECTOR INVESTMENT ACCELERATION PLAN AND 2002-2003 CAPITAL INVESTMENT FORECAST

CHAPTER 6

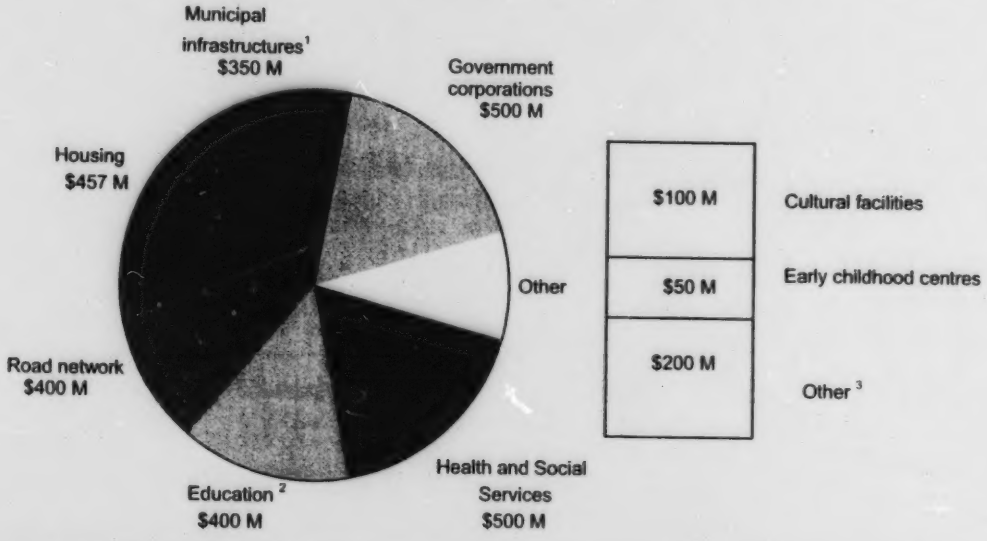
THE PUBLIC-SECTOR INVESTMENT ACCELERATION PLAN AND 2002-2003 CAPITAL INVESTMENT FORECAST

This chapter shows the impact of the Public-sector Investment Acceleration Plan on the 2002-2003 capital investment forecast.

1. THE PUBLIC-SECTOR INVESTMENT ACCELERATION PLAN (PAIP)

In the 2002-2003 Budget Speech of last November 1, a $3.0 billion plan to accelerate investment was announced. This amount includes $2.5 billion of long-term funding from the departments and $500 million from government corporations. Chart 6.1 shows the forecast amounts by sector.

Chart 6.1: Breakdown of the $3.0 billion investment forecast under the Public-sector Investment Acceleration Plan



1 Including an amount of $10 million for local roads.

2 Including an amount of $21.3 million for two agricultural technology institutes funded by the ministère de l'Agriculture, des Pêcheries et de l'Alimentation.

3 Including $100 million for Research, Science et Technology and $100 million for information technology projects.

Health and Social Services: $500 million

The plan includes capital investments of $500 million to:

— Increase the accessibility of emergency and healthcare services;

— Improve daily living conditions and safety in the institutions;

— Modernize and increase access to specialized equipment.

Education: $400 million

The plan includes investments of $400 million, including $378.7 million in the education networks, for:

— Construction, development of premises and addition of elementary and secondary education equipment;

— Implementation of projects for building redevelopment, equipment purchases and upgrading of technical laboratories at the college level;

— Addition at the university level of places in key sectors, such as information technology and the pharmaceutical field.

Capital investments of $21.3 million are also forecast for the two agricultural technology institutes under the ministère de l'Agriculture, des Pêcheries et de l'Alimentation.

Road network: $400 million

The Public-sector Investment Acceleration Plan includes additional amounts of $400 million for rehabilitation of pavements and improvement of structures such as bridges and overpasses. The plan has the effect of increasing to $1.4 billion the value of the work performed for the road network in 2002-2003.

Cultural facilities: $100 million

The Public-sector Investment Acceleration Plan includes capital investments of $100 million in the culture sector, notably to:

— Build, expand and renovate libraries, concert halls and performance halls;

— Renew and modernize the facilities of cultural institutions;

— Enrich library collections;

— Renew permanent exhibitions of museum institutions;

— Restore religious buildings and renovate heritage buildings.

Québec-Municipalities Infrastructure Works: $350 million

The $350 million budget allocated for the Québec-Municipalities Infrastructure Works program is intended to perform work for:

— Rehabilitation of the aqueduct and sewer systems and water purification;

— Economic development;

— Village beautification;

— Acquisition or renovation of buildings for community purposes, and development of a network of protected areas.

Housing: $457 million

The Public-sector Investment Acceleration Plan includes a budget of $457 million for:

— Construction or renovation of housing;

— Improvement and extension to all municipalities of the Revitalizing Older Neighborhoods Program, which becomes Rénovation Québec;

— Renewal of the Accès Logis program intended for low-income households.

Research, Science and Technology: $100 million

The Public-sector Investment Acceleration Plan allocates $100 million to accelerate the development of infrastructure in the research, science, technology and innovation fields.

These investments will be made in the sectors of health, postsecondary education and research centres, in particular.

Family and Childhood: $50 million

The Public-sector Investment Acceleration Plan forecasts a budget of $50 million to accelerate the development of 5,000 places in educated-oriented child care services over the next two years.

Information Technology: $100 million

The budget envelope of $100 million is allocated to the following projects:

— $57.4 million for modernization of the information technology systems at the ministère du Revenu;

— $29.5 million for implementation of the justice integrated information system at the ministère de la Justice;

— $13.1 million for modernization of the register of enterprises at the Inspecteur général des institutions financières.

Table 6.1 shows the breakdown of the initial forecast of commitments under the PAIP for the years 2001-2002, 2002-2003 and subsequent years, in the various sectors affected. We can see that over 50% of the capital investments taken over by the government will be made in 2002-2003.

Table 6.1: Initial forecast of commitments under the PAIP (in million of $)

	Authorized amounts	2001-2002	2002-2003	Subsequent years
Health and Social Services	500.0	153.6	335.6	10.8
Education [1]	400.0	47.6	160.2	192.2
Road network	400.0	-	400.0	-
Cultural facilities	100.0	7.5	92.5	-
Québec-Municipalities Infrastructure Works [2]	350.0	-	124.8	225.2
Housing	457.0	-	113.9	343.1
Research, Science and Technology	100.0	-	40.4	59.6
Information technology	100.0	-	12.7	87.3
Family and Childhood	50.0	-	25.0	25.0
TOTAL	2,457.0	208.7	1,305.1	943.2
Disbursed as %	-	8.5	53.1	38.4

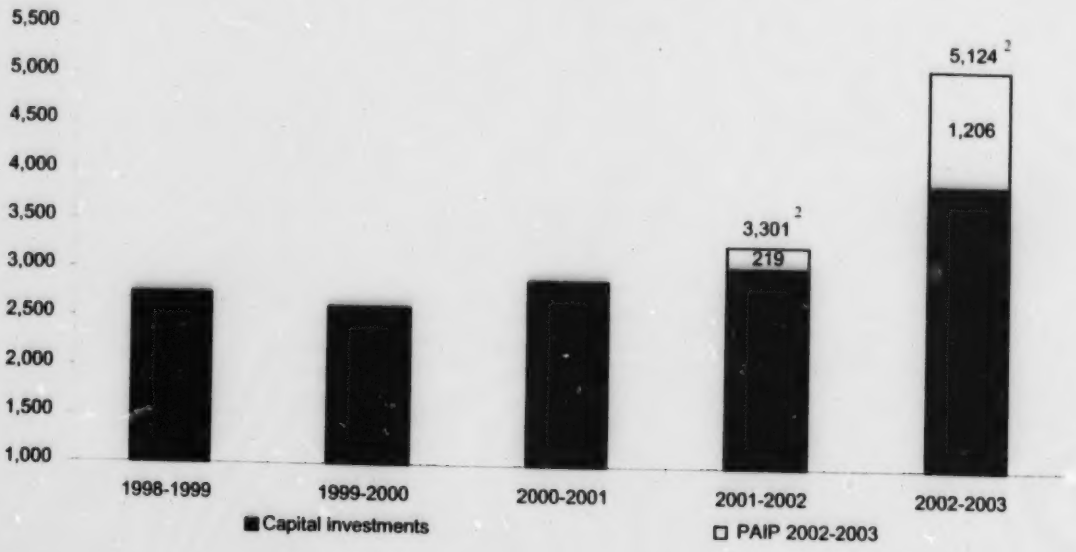
[1] Including an amount of $21.3 million for two agricultural technology institutes under the ministère de l'Agriculture, des Pêcheries et de l'Alimentation.
[2] Including $10 million for local roads.

2. IMPACT OF THE PUBLIC-SECTOR INVESTMENT ACCELERATION PLAN

Chart 6.2 shows the changes in capital investments from 1998-1999 to 2002-2003, distinguishing the impact of the Public-sector Investment Acceleration Plan.

This chart shows that capital investments grew from $2,747 million in 1998-1999 to $5,124 million in 2002-2003, for an overall increase of $2,377 million. Between 2001-2002 and 2002-2003, the level rises from $3,301 million to $5,124 million, for an increase of $1,823 million. The greatest portion of this increase is due to the Public-sector Investment Acceleration Plan, because the amounts forecast rise from $219 million in 2001-2002 to $1,206 million in 2002-2003.

Chart 6.2: Changes in capital investments from 1998-1999 to 2002-2003 [1] (in millions of $)



[1] The data shown include the government's share and the partners' share, while Table 6.1 only includes the government's share.
[2] Excluding the amounts of the PAIP related to municipal infrastructures and housing.

3. 2002-2003 CAPITAL INVESTMENT FORECAST

The nature of the capital investments considered in this section and the following sections is specified in Appendix A.

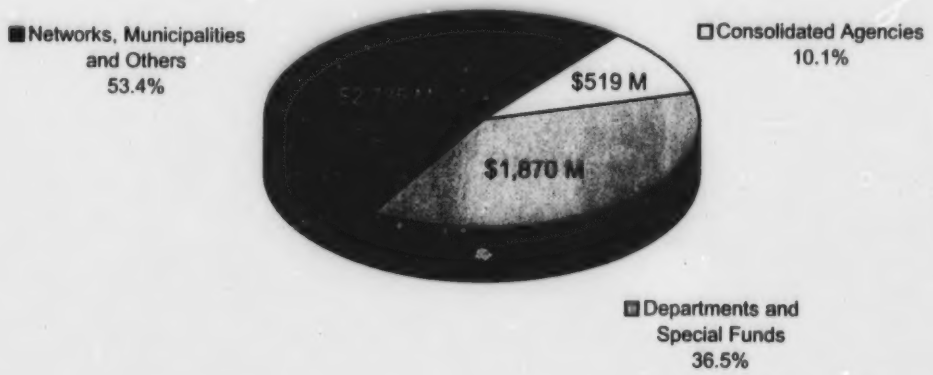
In 2002-2003, capital investments total $5,123.8 million, including the government's share and the partners' share. The breakdown of capital investments appearing in Chart 6.3 is presented as follows:

— The biggest portion corresponds to capital investments in networks, municipalities and cultural institutions, which account for $2,735.4 million, or 53.4% of the total;

— Departmenis and special funds account for $36.5% of the total, with $1,869.3 million;

— The capital investment forecast for consolidated agencies is $519.1 million, or 10.1% of the total.

Chart 6.3: Breakdown of capital investments in 2002-2003: $5,123.8 million



4. CAPITAL INVESTMENTS IN NETWORKS, MUNICIPALITIES AND CULTURAL INSTITUTIONS

Capital investments in networks, municipalities and cultural institutions serve for the acquisition and maintenance of equipment and infrastructures of school boards, CEGEPs, universities, and health and social services institutions, and for projects in water purification, public transportation, cultural facilities and preservation of religious heritage.

These investments are funded by means of long-term investments contracted by the subsidized agencies. The government's contribution is spread over a life of up to 25 years and takes the form of a total or partial takeover of debt service. In Volume II of the 2002-2003 Expenditure Budget pertaining to the *Estimates of the Departments and Agencies*, the expenditure corresponding to the subsidized debt service is recorded in the Transfer supercategory and is composed of the amounts paid to agencies for repayment of borrowed capital and for interest.

Each year, the departments administering a capital investment program prepare triennial capital investment plans, which are then approved by the Conseil du trésor. These plans indicate the investments related to completion of the previously authorized projects, asset maintenance needs and the cost of new initiatives.

Level of capital investments and partners' share

Table 6.2 shows the overall level of capital investments in networks, municipalities and cultural institutions for the 2001-2002 and 2002-2003 fiscal years. The contribution of the partners in 2002-2003 amounts to 13.6%, representing capital investments of $372.0 million.

Table 6.2: Overall level of capital investments in networks, municipalities and cultural institutions and partners' share

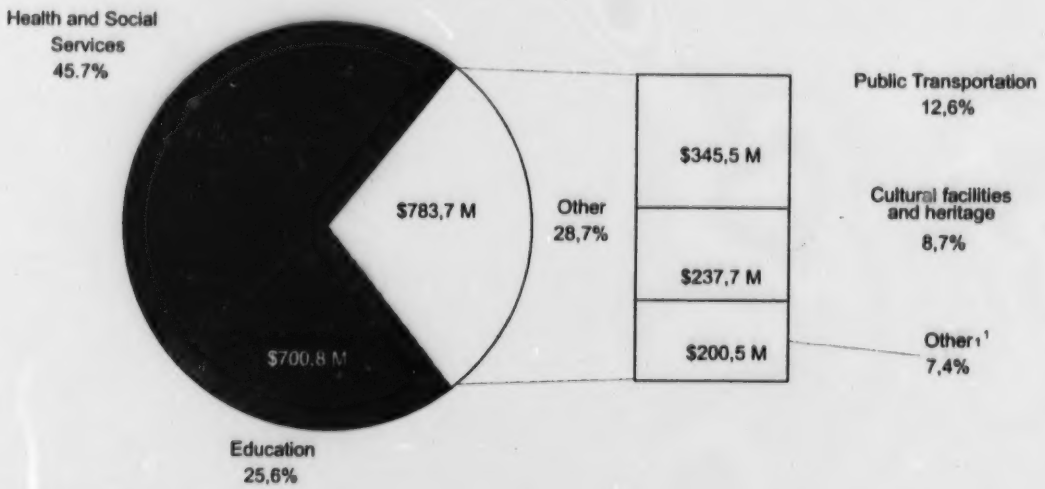
	Capital investment forecasts 2002-2003 $M	Probable disbursements 2001-2002 $M
Government's share	2,363.4	1,491.4
Partners' share	372.0	273.8
TOTAL	2,735.4	1,765.2
Partners' share as a %	13.6	15.5

Breakdown by sector

Chart 6.4 shows the breakdown by sector of the investment forecast for the 2002-2003 fiscal year.

In 2002-2003, the health and social services sector accounts for 45.7% of total capital investments, with $1,250.9 million and the education sector 25.6% with $700.8 million. The other sectors include capital investments of $783.8 million, or 28.7% of the total. These investments notably include $345.5 million for public transportation, $237.7 million for cultural facilities and heritage, $106.8 million for research, science and technology, $68.7 million for water purification and $25.0 million for education-oriented child care services.

Chart 6.4: Breakdown by sector of capital investments in networks, municipalities and cultural institutions in 2002-2003: $2,735.4 million



1 Including water purification, education-oriented child care services and Research, Science and Technology.

Table 6.3 shows, for each sector concerned, how the capital investment forecast in 2002-2003 compares to the previous year. Overall, the capital investment forecast grows from $1,765.1 million to $2,735.4 million, an increase of $970.3 million. The greatest portion of this increase is found in the health and social services sector and in public transportation.

Table 6.3: Capital investments in networks, municipalities and cultural institutions [1]

	Capital investment forecasts 2002-2003 $M	Probable disbursements 2001-2002 $M	Change $M
EDUCATION			
School boards	473.8	250.7	223.1
CEGEPs and universities	227.0	327.4	(100.4)
	700.8	578.1	122.7
HEALTH AND SOCIAL SERVICES	1,250.9	850.9	400.0
OTHER SECTORS			
Water purification	68.7	93.4	(24.7)
Public transportation[2]	345.5	132.3	213.2
Cultural facilities and heritage[3]	237.7	110.4	127.3
Education-oriented child care services	25.0	-	25.0
Research, Science and Technology	106.8	-	106.8
TOTAL	2,735.4	1,765.1	970.3

1 The amounts indicated in Table 6.3 includes the government's share and the partners' share.

2 The amounts shown exclude public transportation projects under the responsibility of the Agence métropolitaine de transport, since they are considered in the section on consolidated agencies.

3 The amounts shown exclude projects of government corporations in the cultural field, which are considered in the section on consolidated agencies.

Education

In the education sector, capital investments by school boards, CEGEPs or universities are mainly for expansion, renovation, rehabilitation and construction of schools or related buildings and the acquisition of furnishings, equipment and apparatus required for the operation of buildings. On the average, the government assumes 95% of the cost of the projects.

In 2002-2003, the capital investment forecast in this sector will total $700.8 million: $473.8 in the school boards and $227.0 million in the CEGEPs and universities, for growth of $122.7 million over 2001-2002.

The forecast increase in the school boards is mainly due to the Public-sector Investment Acceleration Plan announced in the 2002-2003 Budget Speech. The forecast reduction in the CEGEPs and universities sector results from the completion of projects ending in 2001-2002.

Health and social services

In the health and social services sector, capital investments concern construction, expansion, renovation and rehabilitation of hospitals, residential and long-term care centres, rehabilitation centres and CLSCs, acquisition of furnishings and medical and non-medical equipment, and the development and purchasing of computer systems. On the average, the government assumes 85% of the cost of the projects.

In 2002-2003, the capital investment forecast in this sector will total $1,250.9 million, compared to $850.9 million in 2001-2002, or $400.0 million more. This increase reflects the impact of the Public-sector Investment Acceleration Plan.

Water purification

Projects in the water purification sector include the construction of sewage treatment plants, work on sewage interceptors and rehabilitation of the sewer systems leading to the sewage treatment plant, as well as aqueduct and sewer projects. These investments include the Eaux vives du Québec program, which is intended to enable municipalities to install, replace or improve drinking water and wastewater infrastructures. On the average, the government assumes 85% of the cost of these capital investments, which it shares with the municipalities.

In 2002-2003, the capital investment forecast in this sector totals $68.7 million, or $24.7 million less than in 2001-2002.

Public transportation

Capital investments in this sector serve, among other things, to purchase city buses, maintain Métro infrastructures, including restoration of stations and replacement of escalators, finance certain electronic fare collection equipment, and develop reserved bus lanes and park-and-ride centres.

For 2002-2003, the capital investment forecast in this sector totals $345.5 million, compared to $132.3 million in 2001-2002, an increase of $213.2 million. The increase is mainly explained for the Métro extension to Laval, the Plan de gestion des déplacements de la région métropolitaine de Montréal, and the replacement of buses.

The Plan de gestion des déplacements de la région métropolitaine de Montréal includes interventions to solve problems affecting the different transportation networks in the greater Montréal region. The average government participation in these capital investments is estimated at 69% in 2002-2003, even though it may vary from 50% to 100% depending on the type of equipment subsidized. These forecasts do not include the capital investments of the Agence métropolitaine de transport, which are explained in the next section on consolidated agencies.

Cultural facilities and heritage

The capital investment projects subsidized through debt service by the ministère de la Culture et des Communications include, in particular, construction, expansion, renovation and modernization of specialized equipment of public libraries, concert halls, archive centres, museums and interpretation centres, along with the restoration and preservation of heritage buildings and religious heritage. The projects also include the renewal of permanent exhibitions of museum institutions and the enrichment of public library collections. The government's share of the cost of capital investments by municipalities or cultural institutions generally ranges from 40% to 90%.

Disbursements by promoters in 2002-2003 are estimated at $237.7 million, compared to $110.4 million in 2001-2002. The $127.3 million increase in expenditures is mainly explained by the Public-sector Investment Acceleration Plan announced in the 2002-2003 Budget Speech. It should be remembered that these data exclude the disbursements of government corporations reporting to the Minister of Culture and Communications, which are considered in the section on consolidated agencies.

Research, Science and Technology

The Support for Infrastructure Financing program is part of the implementation of the Quebec policy on science and innovation. It has three components:

— The first component supports Québec public research establishments for the modernization, acquisition or development of research infrastructures, the creation of research facilities for major projects and the development of centres dedicated to multi-sector research;

— The second component supports Québec liaison and transfer agencies for the modernization, acquisition or development of infrastructures intended to improve access and quality to liaison and transfer services offered to Québec companies and other organizations;

— The third component provides financial assistance to Québec museum institutions and non-profit organizations, mainly active in the field of dissemination of science and technology.

The capital expenditure forecast for 2002-2003 totals $106.8 million. It should be remembered that the Support for Infrastructure Financing program was established in 2001-2002.

5. CAPITAL INVESTMENTS IN DEPARTMENTS AND SPECIAL FUNDS

As Table 6.4 indicates, the capital investments of government departments and special funds total $1,869.3 million in 2002-2003, compared to $1,271.6 million in 2001-2002. Capital investments of special funds, up $540.0 million, mainly account for the overall increase of $597.7 million. Capital investments of departments amount to $252.9 million in 2002-2003 compared to $195.2 million in 2001-2002, an increase of $57.7 million.

Capital investments of special funds mainly originate from the Road Network Preservation and Improvement Fund. Investments for this Fund are channelled into preserving pavements and structures and improving and developing the road network. In 2002-2003, these investments total $1,292.8 million, representing an increase of $502.3 million over 2001-2002. This increase is mainly attributable to the Public-sector Investment Acceleration Plan and the Plan de gestion des déplacements de la région métropolitaine de Montréal.

The capital investment level forecast of the Information Technology Funds in 2002-2003 is $119.9 million, compared to $76.4 million in 2001-2002. The $35.5 million increase is mainly explained by the $29.2 million growth in capital investments of the Information Technology Funds of the ministère du Revenu for the reorganization of personal and corporate income tax systems under the Public-sector Investment Acceleration Plan.

The departments' capital investments should total $252.9 million in 2002-2003 compared to $195.2 million in 2001-2002. The $57.7 million increase is explained, in particular, by the projects forecast under the 2002-2003 Public-sector Investment Acceleration Plan for the agricultural technology institutes under the ministère de l'Agriculture, des Pêcheries et de l'Alimentation.

TABLE 6.4: Capital investments of the departments and the Special Funds

	Capital investment forecasts 2002-2003 $M	Probable disbursements 2001-2002 $M	Change $M
Road Network Preservation and Improvement Fund [1]	1,292.8	790.5	502.3
Information Technology Funds	111.9	76.4	35.5
Other Special Funds	211.7	209.5	2.2
	1,616.4	1,076.4	540.0
Departments: appropriations for capital investments	252.9	195.2	57.7
TOTAL	1,869.3	1,271.6	597.7

[1] The total amount of capital investments of the Road Network Preservation and Improvement Fund for 2002-2003 is nearly 1.4 billion, including non-capitalizable expenditures of $97.4 million.

6. CAPITAL INVESTMENTS OF CONSOLIDATED AGENCIES, OTHER THAN SPECIAL FUNDS

Table 6.5 shows that the capital investment forecast of the consolidated agencies, excluding special funds, total $519.1 million in 2002-2003, compared to $264.7 million in 2001-2002, an increase of $254.4 million. The agencies making the biggest capital investments in 2002-2003 are the Société du Palais des congrès de Montréal, with $231.1 million, and the Agence métropolitaine de transport, with $139.8 million.

The Société du Palais des congrès de Montréal is responsible for managing the Palais des congrès de Montréal. For 2002-2003, this corporation forecasts $231.1 million in capital investments for the expansion of the Palais des congrès de Montréal.

The Agence métropolitaine de transport (AMT) plans, coordinates, integrates and promotes public transportation services and intervenes to improve the efficiency of roads that span the greater Montréal area. The $61.3 million increase in the AMT capital investment forecast is mainly due to the Métro extension to Laval. In addition, the AMT contributes to the Plan de gestion des déplacements de la région métropolitaine de Montréal.

Capital investments made by government corporations in the culture sector in 2002-2003 represent a $41.4 million increase, due to the Bibliothèque nationale du Québec construction project.

Finally, the $83.6 million level of capital investments in 2002-2003 and the $67.7 million reduction associated with the other consolidated agencies is mainly explained by the decrease in capital investments by the Commission de la Capitale nationale du Québec and Héma-Québec.

TABLE 6.5: Capital investments of consolidated agencies, other than special funds

	Capital investment forecasts 2002-2003 $M	Probable disbursements 2001-2002 $M	Change $M
Société du Palais des congrès de Montréal	231.1	11.7	219.4
Agence métropolitaine de transport	139.8	78.5	61.3
Government corporations in the culture sector	64.6	23.2	41.4
Other agencies	83.6	151.3	(67.7)
TOTAL	519.1	264.7	254.4

APPENDIX A
Nature of capital investments considered in this chapter

The capital investment data presented in this chapter is categorized in three groups:

— Investments by entities not included in the scope of government accounting but which depend on government financial assistance: these investments are mainly found in the health and social services network, the education networks and the municipalities. They are also found in non-governmental institutions, generally of a cultural nature, such as libraries, museums and concert halls, or regarding preservation of religious heritage, dioceses, parish councils or religious communities. In this chapter, the term "cultural institutions" refers to all of these non-governmental institutions (Section 4);

— Investments made directly by departments and the special funds they administer, a large part of which concerns the road network (Section 5);

— Investments made by government agencies which do not appear in Volume II of the 2002-2003 Expenditure Budget but whose financial statements are consolidated with those of the government. We should point out that the capital investments of the consolidated agencies include government corporations in the culture sector and the Agence métropolitaine de transport (Section 6);

However, capital investments of government corporations are excluded from these four groups and are not discussed in this chapter.

Changes in capital investments

	1998-1999	1999-2000	2000-2001	Probable expenditures 2001-2002	Forecasts 2002-2003
	$M	$M	$M	$M	$M
Networks, municipalities and cultural institutions	1,739.7	1,565.4	1,670.7	1,765.1	2,735.4
Departments and special funds	740.5	775.7	843.5	1,271.6	1,869.3
Consolidated agencies	266.7	273.9	384.2	264.7	519.1
TOTAL	2,746.9	2,615.0	2,898.4	3,301.4	5,123.8

CHAPTER 7

CONSOLIDATED GOVERNMENT EXPENDITURES AND RESULTS OF CONSOLIDATED AGENCIES AND SPECIAL FUNDS

CHAPTER 7

CONSOLIDATED GOVERNMENT EXPENDITURES AND RESULTS OF CONSOLIDATED AGENCIES AND SPECIAL FUNDS

Since the implementation of accounting reform in 1997-1998, government budget forecasts are presented on a consolidated basis, including those of the Budget Speech. However, Volume II of the *Expenditure Budget* focussing on *Estimates of the Departments and Agencies* does not include the effect of the consolidation of organizations and special funds since it includes only expenditures that require appropriation approval by the National Assembly.

This chapter presents the government's accounting perimeter and shows the effect of the consolidation of agencies and special funds on the government's budget forecasts.

1. THE GOVERNMENT'S ACCOUNTING PERIMETER

The purpose of consolidation is to group all financial transactions and resources for which the government is responsible. This provides a comprehensive picture of government finances by including information pertaining to the activities of departments, agencies, special funds and government corporations.

The government's accounting perimeter encompasses not only departments and agencies headed by a minister and whose budgets are funded through appropriations to be voted by the National Assembly, but also all agencies, special funds and enterprises that must account for their financial resources and operations management either to a minister or directly to the National Assembly and that belong to the government or are under its control.

Two methods of consolidation are used, depending on the type of entity involved:

— Full consolidation method consists in adding up the accounts of departments, agencies and special funds, line by line. This incorporates the financial transactions of agencies and special funds, such as the revenues, expenditures and debt, into the government's financial statements. This method is used for public entities appearing in Appendix A;

— The modified equity method applies to government corporations appearing in Appendix B. It consists in adding the net results of these corporations (surplus or deficit) to the government's revenue.

The consolidation of the results of government corporations appearing in Appendix B is not considered in this chapter because it has no direct impact on the government's spending. However, it is considered in the documents accompanying the *Budget Speech* since the results of government corporations are considered in the government's fiscal balance.

It is important to note that the following are excluded from the government accounting entity:

— Health and social services establishments;

— Educational institutions;

— Property held by agencies performing fiduciary activities (Appendix C).

The following sections discuss only entities consolidated according to the full consolidation method, namely those for which financial forecasts appear in Appendix A.

2. CONSOLIDATED AGENCIES AND SPECIAL FUNDS

There are two groups of consolidated entities: government agencies and special funds.

The government has created various agencies, some of which control sectors or activity or provide services to the public. While varied in size and status, these agencies, like boards, commissions and corporations, are all more autonomous than departments. The legislation confers on their managers more extensive financial and operating powers. They also have more latitude to establish their systems and practices; for example, they can determine their own accounting policies and their employees' working conditions. They can also resort to sources of financing outside the government. However, these agencies come under the authority of a minister, to whom they must account for all of their management.

Special funds are financial management tools that make it possible, in certain situations, to administer resources using management methods different from those prevailing in the departments. Some funds produce and supply goods or services and derive all or part of their financing from the sale of such goods and services.

Compared to last year, three entities have been added to those whose expenditures are consolidated with those of the government.

Added Organizations and Funds	
Finances	Bureau des services financiers
Recherche, Science et Technologie	Centre de recherche industrielle du Québec *
	Fonds québécois de la recherche sur la société et la culture

* The Centre de recherche industrielle du Québec was previously considered a government corporation so that only its net results were consolidated with those of the government.

Moreover, the names of certain agencies and funds have been changed and their mandates have been modified. Therefore, in the "Culture et Communications" portfolio, the Commission de la reconnaissance des associations d'artistes has become the Commission de la reconnaissance des associations d'artistes et des associations de producteurs. Moreover, as of April 1, 2002, the Bibliothèque nationale du Québec and the Grande bibliothèque du Québec will be merged to become the Bibliothèque nationale du Québec. In the "Recherche, Science et Technologie" portfolio, the Fonds québécois pour la recherche sur la nature et les technologies succeeds the Fonds pour la formation de chercheurs et l'aide à la recherche.

Moreover, the Commission de la capitale nationale, previously connected to the "Environnement" portfolio, is now part of the "Conseil exécutif" portfolio. Similarly, the Régie des installations olympiques will be transferred from the "Environnement" portfolio to the "Affaires municipales et Métropole" portfolio.

3. CONSOLIDATED GOVERNMENT EXPENDITURES

Consolidated government expenditures include not only program spending and debt service, but also expenditures by special funds and government agencies.

Table 7.1 indicates the government's consolidated expenditures for 2001-2002 and 2002-2003. The agency and special fund expenditures over and above those of the government are the amounts that remain after eliminating inter-entity transactions and harmonizing accounting principles, where applicable.

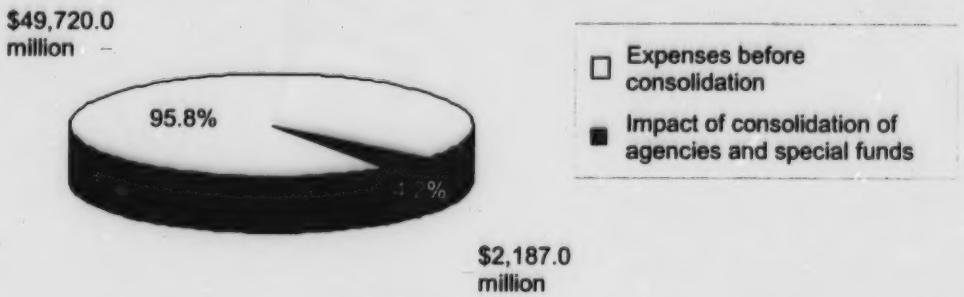
Program spending for the fiscal year 2002-2003 amounts to $43,223.0 million to which is added $6,497.0 million for government debt service. The consolidation of the special funds and the government agencies adds $2,187.0 million to government expenditures. The consolidated government expenditures for the fiscal year 2002-2003 is set at $51,907.0 million, compared to $51,043.5 million in 2001-2002.

Table 7.1: Consolidated government expenditures

	2002-2003 $M	2001-2002 $M
Program spending	43,223.0	42,247.5
Debt service	6,497.0	6,732.0
	49,720.0	48,979.5
Consolidation of agencies and special funds	2,187.0	2,064.0
CONSOLIDATED EXPENDITURES	51,907.0	51,043.5

Chart 7.1 shows the impact on the government's expenditures of additional expenditures incurred by government agencies and special funds. The consolidation of agencies and special funds represents $2,187 million or 4.2% of consolidated government expenditures in 2002-2003.

Chart 7.1: Expenditures of Agencies and Special Funds in 2002-2003 as a Proportion of Government Expenditures



4. ANTICIPATED RESULTS OF CONSOLIDATED AGENCIES AND SPECIAL FUNDS

A large number of agencies and special funds depend on allocations from departments for their financing. That is why the budgeting and management of departmental envelopes not only include the department but also the agencies and special funds in the same portfolio. More precisely, departmental envelopes are composed of:

— The expenditure envelope stipulated in Volume II of the *Expenditure Budget* dealing with the *Estimates of the Departments and Agencies*;

— The net result of the agencies and special funds, i.e. the difference between the revenues and expenditures.

Each minister is responsible for ensuring that consolidated agencies under his or her responsibility do not have a negative impact on government financial results.

Appendix A presents, by portfolio, the anticipated results of the special funds and government agencies as well as their anticipated gross revenues and expenditures, i.e. before making the consolidation adjustments required to account them with government data.

The results presented in table 7.2 reveal that the consolidated agencies and special funds, after having globally registered a surplus of $58.3 million in 2001-2002, are anticipating a deficit of $49.1 million in 2002-2003. This situation stems essentially from the use of surpluses by two special funds in the "Emploi, Solidarité sociale" portfolio:

— The Labour Market Development Fund, which has an accumulated surplus of $14.4 million as of March 31, 2002, is anticipating a deficit of $11.4 million in 2002-2003;

— The Fund to Combat Poverty through Reintegration into the Labour Market, which has an accumulated surplus of $95.7 million, is forecasting a deficit of $64.2 million in 2002-2003.

Government agencies are registering a deficit of $6.3 million in 2002-2003, while a surplus of $53.7 million was presented in 2001-2002. The deficit recorded can be explained principally by Investissement-Québec, whose surplus went from $23.1 million in 2001-2002 to $1.9 million in 2002-2003, and by the Commission des valeurs mobilières du Québec, whose results went from a surplus of $12.2 million in 2001-2002 to a deficit of $7.7 million in 2002-2003.

TABLE 7.2: Impact of Consolidation of Special Funds and Agencies on Government Results

	2002-2003			2001-2002
	Revenues $M	Expenditures $M	Result $M	Result $M
Special Funds				
– Labour Market Development Fund	961.0	972.4	(11.4)	(20.8)
– Fund to Combat Poverty through Reintegration into the Labour Market	0.8	65.0	(64.2)	(19.5)
– Other special funds	2,817.6	2,784.8	32.8	44.9
	3,779.4	3,822.2	(42.8)	4.6
Agencies	9,274.6	9,280.9	(6.3)	53.7
Total before consolidation	13,054.0	13,103.1	(49.1)	58.3
Consolidation adjustments [1]	(10,791.0)	(10,916.1)	125.1	85.7
IMPACT OF CONSOLIDATION	2,263.0	2,187.0	76.0	144.0

[1] There are two kinds of adjustments. The first consists in eliminating the transactions concluded by these entities among themselves or with departments or budgetary agencies. This adjustment is necessary to avoid duplicate accounting of expenditures. The second type of adjustment results from the harmonization of the accounting policies of special funds and agencies with those of the government.

APPENDIX A

Results of agencies and special funds

	2002-2003			2001-2002
	Revenues	Expenditures	Result	Result
	$M	$M	$M	$M
Affaires municipales et Métropole				
Régie des installations olympiques**	39,7	41,7	(2,0)	(0,7)
Société d'habitation du Québec	577,2	577,2	-	-
Société du Palais des congrès de Montréal	44,8	44,8	-	-
	661,7	663,7	(2,0)	(0,7)
Agriculture, Pêcheries et Alimentation				
Bureau d'accréditation des pêcheurs et des aides-pêcheurs du Québec	0,2	0,2	-	-
Financière agricole du Québec	402,1	401,9	0,2	12,9
Fonds d'assurance-prêts agricoles et forestiers*	16,7	10,2	6,6	(3,7)
	419,0	412,2	6,8	9,2
Conseil du trésor, Administration et Fonction publique				
Disaster Assistance Fund for Certain Areas	29,8	29,8	-	-
Fonds des services gouvernementaux	257,6	250,7	6,9	7,3
Fund relating to the Ice Storm	36,0	36,0	-	-
Information Technology Fund of the Conseil du trésor	2,2	2,2	-	-
Société immobilière du Québec	565,4	557,3	8,1	8,1
	890,9	876,0	14,9	15,4
Conseil exécutif				
Commission de la capitale nationale du Québec	16,2	16,2	-	-
Fonds Jeunesse Québec	41,6	41,6	-	-
	57,8	57,8	-	-
Culture et Communications				
Bibliothèque nationale du Québec	22,3	25,0	(2,7)	0,5
Commission de la reconnaissance des associations d'artistes et des associations de producteurs	0,5	0,5	-	-
Conseil des arts et des lettres du Québec	63,6	64,3	(0,7)	0,1
Musée d'art contemporain de Montréal	9,6	9,6	-	-
Musée de la civilisation	24,5	24,6	(0,1)	0,1
Musée du Québec	16,2	16,3	-	-
Régie du cinéma	8,8	4,2	4,5	5,5
Société de développement des entreprises culturelles	46,0	46,0	-	-
Société de la Place des Arts de Montréal	29,4	29,5	(0,1)	0,1
Société de télédiffusion du Québec	74,2	77,1	(2,9)	(0,9)
Société du Grand Théâtre de Québec	7,6	7,6	-	-
	302,6	304,5	(1,9)	5,4
Éducation				
Institut de tourisme et d'hôtellerie du Québec	21,0	21,0	-	(0,1)
	21,0	21,0	-	(0,1)

Results of agencies and special funds

APPENDIX A

	2002-2003			2001-2002
	Revenues	Expenditures	Result	Result
	$M	$M	$M	$M
Emploi, Solidarité sociale				
Assistance Fund for Independent Community Action	37,5	37,5	-	6,1
Fund to Combat Poverty Through Reintegration into the Labour Market	0,8	65,0	(64,2)	(19,5)
Information Technology Fund of the ministère de la Solidarité sociale	44,9	44,9	-	-
Labour Market Development Fund	961,0	972,4	(11,4)	(20,8)
Office de la sécurité du revenu des chasseurs et piégeurs cris	16,8	16,8	-	-
	1 060,9	1 136,5	(75,6)	(34,2)
Environnement				
Société québécoise de récupération et de recyclage	21,5	23,4	(1,9)	2,7
	21,5	23,4	(1,9)	2,7
Faune et Parcs				
Fondation de la faune du Québec	3,9	3,9	-	(0,2)
	3,9	3,9	-	(0,2)
Finances				
Bureau des services financiers	10,2	10,6	(0,4)	(1,0)
Commission des valeurs mobilières du Québec	26,0	33,7	(7,7)	12,2
Financing Fund	227,0	210,2	16,8	10,2
Fonds du Centre financier international de Montréal	1,8	1,8	-	-
Horse-Racing Industry Fund	14,4	14,4	-	-
Institut de la statistique du Québec	23,1	22,2	0,9	(1,0)
Investissement Québec	385,8	383,9	1,9	23,1
Société de développement de la Zone de commerce international de Montréal à Mirabel	2,5	4,2	(1,7)	(1,5)
Special Olympic Fund	88,7	88,7	-	-
	779,4	769,6	9,8	42,0
Industrie et Commerce				
Sidbec	0,3	0,3	-	-
Société du parc industriel et portuaire de Bécancour	4,6	5,5	(1,0)	(1,2)
Société québécoise d'assainissement des eaux	245,2	245,2	-	(3,0)
	250,0	251,0	(1,0)	(4,2)
Justice				
Commission des services juridiques	115,9	115,9	-	(1,8)
Fonds d'aide aux recours collectifs*	1,2	1,3	(0,1)	1,4
Fonds d'aide aux victimes d'actes criminels	3,5	2,6	0,9	0,9
Office des professions du Québec	5,1	5,5	(0,5)	(0,7)
Register Fund	25,1	24,5	0,6	1,6
Société québécoise d'information juridique	10,0	10,0	-	0,3
Tribunal administratif du Québec	26,7	27,0	(0,3)	0,7
	187,4	186,8	0,6	2,5

APPENDIX A

Results of agencies and special funds

	2002-2003			2001-2002
	Revenues	Expenditures	Result	Result
	$M	$M	$M	$M
Recherche, Science et Technologie				
Centre de recherche industrielle du Québec	31.0	36.1	(5.1)	(2.0)
Fonds de la recherche en santé du Québec*	108.8	108.8	-	-
Fonds québécois de la recherche sur la nature et les technologies*	37.4	37.5	(0.1)	(0.1)
Fonds québécois de la recherche sur la société et la culture*	45.8	45.8	-	-
	222.9	228.1	(5.2)	(2.1)
Régions				
Regional Development Fund	23.7	23.7	-	-
	23.7	23.7	-	-
Relations avec les citoyens et Immigration				
Civil Status Fund	14.0	13.5	0.5	1.6
Government Information Fund	45.1	45.8	(0.7)	-
	59.1	59.3	(0.2)	1.6
Relations internationales				
Fund for the Management of Québec Immovables on Foreign Soil	9.2	9.2	-	-
Office Québec-Amériques pour la jeunesse	2.3	2.4	(0.2)	0.1
	11.5	11.6	(0.2)	0.1
Ressources naturelles				
Agence de l'efficacité énergétique	7.7	8.7	(1.0)	-
Fonds forestier	242.4	243.0	(0.6)	(8.5)
Geographic Information Fund	2.4	2.4	-	0.1
Land Information Fund	81.0	70.3	10.7	19.1
Régie de l'énergie	8.5	8.7	(0.2)	(0.8)
Société nationale de l'amiante	0.4	0.6	(0.1)	(0.4)
	342.5	333.6	8.8	9.5
Revenu				
Fonds des pensions alimentaires***	44.5	44.5	-	-
Information Technology Fund of the ministère du Revenu	36.6	36.6	-	-
Tax Collection Fund	74.2	76.5	(2.3)	(1.2)
	155.4	157.7	(2.3)	(1.2)
Santé et Services sociaux				
Corporation d'urgences-santé de la région de Montréal métropolitain	75.8	75.8	-	-
Héma-Québec	249.1	249.1	-	-
Institut national de santé publique du Québec	22.0	22.0	-	-
Prescription Drug Insurance Fund	444.4	444.4	-	5.5
Régie de l'assurance maladie du Québec	5 397.8	5 397.8	-	-
	6 189.2	6 189.2	-	5.6

APPENDIX A

Results of agencies and special funds

	2002-2003			2001-2002
	Revenues	Expenditures	Result	Result
	$M	$M	$M	$M
Sécurité publique				
École nationale de police du Québec	15,2	15,2	-	(0,3)
École nationale des pompiers du Québec	1,2	1,2	-	-
Police Services Fund	331,8	331,8	-	-
	348,2	348,2	-	(0,3)
Tourisme, Loisir et Sport				
Société du Centre des congrès de Québec	18,3	18,7	(0,4)	-
Tourism Partnership Fund	102,8	102,8	-	2,3
	121,2	121,5	(0,3)	2,3
Transports				
Agence métropolitaine de transport**	215,7	215,7	-	-
Fund for the Contribution of Motorists to Public Transit	62,2	62,2	-	-
Fund for the Sale of Goods and Services of the MTQ	4,1	4,1	-	(0,1)
Road Network Preservation and Improvement Fund	428,2	428,2	-	-
Rolling Stock Management Fund	61,0	61,0	-	-
Société des traversiers du Québec	56,6	57,1	(0,5)	(1,0)
	827,8	828,3	(0,5)	(1,1)
Travail				
Commissaire de l'industrie de la construction	1,1	1,2	(0,1)	(0,1)
Commission des lésions professionnelles	47,0	49,0	(2,0)	0,7
Commission des normes du travail	48,1	45,0	3,0	5,6
	96,2	95,2	1,0	6,3
Total	13 054,0	13 103,1	(49,1)	58,3
Consolidation adjustments	(10 791,0)	(10 916,1)	125,1	85,7
Impact of consolidation	2 263,0	2 187,0	76,0	144,0

* This fund should be considered as an agency and not as a special fund.

** Forecast data correspond to the agency's operating fund.

*** This agency also performs fiduciary activities outside of the government's accounting perimeter.

Note: Figures are rounded and the sum of the amounts recorded in respect of each agency and special fund may not correspond to the total.

APPENDIX B

Government corporations

Commission de la santé et de la sécurité du travail

Corporation d'hébergement du Québec

Financement - Québec

Fonds d'indemnisation du courtage immobilier

Hydro-Québec [1]

Immobilière SHQ

Loto-Québec

Régie de l'assurance-dépôt du Québec

Société de développement de la Baie James (SDBJ)

Société de l'assurance automobile du Québec

Société des alcools du Québec

Société des établissements de plein air du Québec

Société générale de financement du Québec

Société Innovatech du Grand Montréal

Société Innovatech du Sud du Québec

Société Innovatech Québec et Chaudière – Appalaches

Société Innovatech Régions ressources

[1] This agency also performs fiduciary activities outside the government's accounting perimeter.

APPENDIX C

Agencies and Funds Exercising Fiduciary Activities

Caisse de dépôt et placement du Québec

Centraide Committee – Public Sector

Commission administrative des régimes de retraite et d'assurances

Commission de la construction du Québec

Public Curator

Funds administered by the Régie des marchés agricoles et alimentaires du Québec

Fonds central pour le bénéfice des personnes incarcérées

Fonds d'assurance récolte

Fonds d'assurance stabilisation des revenus agricoles

Fonds de contrats à terme

Fonds des cautionnements des agents de voyages

Fonds des pensions alimentaires (trust portion)

Fonds d'indemnisation des services financiers

Fonds du régime tripartite d'assurance revenu brut à l'égard des récoltes

Trust funds

Fonds national de la formation de la main-d'oeuvre

Hydro-Québec – Pension fund

Régie des rentes du Québec

CHAPTER 8
DEFINED-PURPOSE ACCOUNTS

CHAPTER 8

DEFINED-PURPOSE ACCOUNTS

This chapter discusses the defined-purpose accounts and their forecast expenditures for the 2002-2003 fiscal year, as established by the government departments and agencies that administer them.

The defined-purpose accounts are not presented in the *Expenditure Budget* because they concern amounts received under a contract or agreement that stipulates their allocation for a specific purpose. Nor are the expenditures from these accounts included in the government's consolidated expenditures. They are provided to supplement the information on the activities of the departments, even if they are not part of their expenditure budget.

These accounts correspond to the concept of revenue allocated by an external source, as presented by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Until the service is rendered or the activity is performed, these amounts are considered as debts or liabilities to the funding party.

1. PURPOSE OF DEFINED-PURPOSE ACCOUNTS

In general, all government revenues are paid into the Consolidated Revenue Fund, except in cases where a contract or agreement limits the use of these amounts to a specific purpose, such as funding an activity or cooperation with another country. In such cases, the government may open a defined-purpose account under Section 6 of the *Financial Administration Act* (2000, Chapter 15).

Financial transactions that pass through a defined-purpose account are governed by all of the regulations, policies and guidelines applicable to transactions effected from a department's appropriations. Moreover, expenditures under the accounts are submitted to the Auditor General for auditing.

In 2002-2003, there are 37 defined-purpose accounts in effect in 20 government departments. Two of the accounts are general in nature and may be used, subject to certain conditions, by different government departments. They are the "Training, partnership and organization of special events" account and the "Financing of autonomous service units (ASUs)" account. These accounts are used to consolidate activities of a similar nature relating to training, partnerships and the organization of special events or to the financing of ASUs, but which various departments administer. This simplifies the monitoring of these activities and avoids the need to create a separate defined-purpose account for each departmental activity meeting the conditions for drawing on the accounts.

2. DATA ON DEFINED-PURPOSE ACCOUNTS

The total expenditures assumed by these accounts amount to $592.1 million in 2002-2003. Table 8.1 presents the data on the payments and debits forecast for the main defined-purpose accounts. Detailed data on each defined-purpose account can be found in the appendix to this chapter.

Nine defined-purpose accounts consolidate a large part of the payments made from these allocated revenues. Three of them alone account for 65.2% of the expenditures from these accounts. The first of these is the "Account respecting the 2000-2007 infrastructure program" with an aggregate amount of $178.7 million, or 30.2% of the total. This account is divided between the ministère des Affaires municipales et de la Métropole and the ministère des Transports. The second is the "Goods and services tax administration account", which stands at $112.7 million, or 19.0% of the total. Finally, the "Account for financing of agricultural risk management programs" amounts to $94.8 million, or 16.0% of the total.

Ten defined-purpose accounts encompass staff subject to the *Public Service Act* (R.S.Q., c. F-3.1.1.), or 1,936 full-time equivalents (FTEs). The two accounts that include the greatest number of staff are the "Goods and services tax administration account" with 1,393 FTEs and the "Account for the administration of the *Firearms Act*", with 366 FTEs.

Table 8.1: Payments and other debits forecast for the main defined-purpose accounts in 2002-2003

	($000)	%
AFFAIRES MUNICIPALES ET MÉTROPOLE		
- 2000-2007 infrastructure program	113,239.2	19.1
REVENU		
- Goods and services tax administration	112,705.1	19.0
AGRICULTURE, PÊCHERIES ET ALIMENTATION		
- Financing of agricultural risk management programs	94,851.0	16.0
ÉDUCATION		
- Financing of Millennium Scholarships	71,800.0	12.1
- Minority-language and second-language teaching	12,635.0	2.1
TRANSPORTS		
- 2000-2007 infrastructure program	65,450.0	11.1
SANTÉ ET SERVICES SOCIAUX		
- Financing of services for seniors with reduced mobility	30,000.0	5.1
- Financing of the program to assist pathological gamblers	22,450.0	3.8
FINANCES		
- Financing of the horse racing industry recovery plan	14,390.0	2.4
SÉCURITÉ PUBLIQUE		
- Administration of the *Firearms Act*	13,906.1	2.3
- Financing of the program to assist pathological gamblers	3,695.2	0.6
OTHER	36,983.7	6.4
TOTAL	592,105.3	100.0

APPENDIX A

Defined-purpose accounts: payments and other departmental debits in 2002-2003

	($000)
AFFAIRES MUNICIPALES ET MÉTROPOLE	
- 2000-2007 infrastructure program	113,239.2
- 1994-1997 infrastructure works	1.4
AGRICULTURE, PÊCHERIES ET ALIMENTATION	
- Financing of agricultural risk management programs	94,851.0
- Financing of certain agriculture and fishing activities	5,000.0
- Training, partnership and organization of special events	3,479.0
CONSEIL DU TRÉSOR, ADMINISTRATION ET FONCTION PUBLIQUE	
- Financial assistance for the disaster of January 5 to 9, 1998 (ice storm)	4,850.0
CULTURE ET COMMUNICATIONS	
- Financing of autonomous service units - Centre de conservation du Québec	490.0
- Application of the policy of integration of the arts into architecture and the environment of public government buildings and sites	250.0
- Training, partnership and organization of special events	105.0
ÉDUCATION	
- Financing of Millennium Scholarships	71,800.0
- Minority-language and second-language teaching	12,635.0
- Training in federal penitentiaries	4,330.0
- Literacy program	542.7
- Training, partnership and organization of special events	200.0
EMPLOI, SOLIDARITÉ SOCIALE	
- Financing of pilot projects for elderly workers	3,984.7
ENVIRONNEMENT	
- Financing of autonomous service units - Centre d'expertise en analyse environnementale	1,810.0
FAUNE ET PARCS	
- Training, partnership and organization of special events	34.9
FINANCES	
- Financing of the horse racing industry recovery plan	14,390.0
INDUSTRIE ET COMMERCE	
- Training, partnership and organization of special events	1,000.0

APPENDIX A

Defined-purpose accounts: payments and other departmental debits in 2002-2003

	($000)
JUSTICE	
- Agreement respecting the *Young Offenders Act*	1,000.0
RELATIONS AVEC LES CITOYENS ET IMMIGRATION	
- Training, partnership and organization of special events	47.5
RELATIONS INTERNATIONALES	
- Training, partnership and organization of special events	400.0
RESSOURCES NATURELLES	
- Mining sector cooperation project with Bolivia	990.0
- Training, partnership and organization of special events	285.9
REVENU	
- Goods and services tax administration	112,705.1
SANTÉ ET SERVICES SOCIAUX	
- Financing of services to seniors with reduced mobility	30,000.0
- Financing of the program to assist pathological gamblers	22,450.0
- Training, partnership and organization of special events	127.8
SÉCURITÉ PUBLIQUE	
- Administration of the *Firearms Act*	13,906.1
- Financing of the program to assist pathological gamblers	3,695.2
- Financing of autonomous service units - Laboratoire de sciences judiciaires et de médecine légale	950.0
- Financing of the joint civil defence program	530.0
- Training, partnership and organization of special events	148.8
TOURISME, LOISIR ET SPORT	
- Financing of certain organizations, projects and activities in the sports and recreation sector	300.0
TRANSPORTS	
- 2000-2007 infrastructure program	65,450.0
- Training, partnership and organization of special events	50.0
- Improvement of the road network in the Outaouais region of Québec	31.0
TRAVAIL	
- Financing of the Bureau du commissaire général du travail	3,500.0
- Financing of the Bureau d'évaluation médicale	2,545.0
Total	592,105.3

CHAPTER 9
THE 2002-2003 EXPENDITURE BUDGET BY MISSION

CHAPTER 9

THE 2002-2003 EXPENDITURE BUDGET BY MISSION

The programs appearing in the 2002-2003 Expenditure Budget are consolidated into six missions corresponding to the main government functions. This chapter provides information on the composition of the 2002-2003 Expenditure Budget by mission.

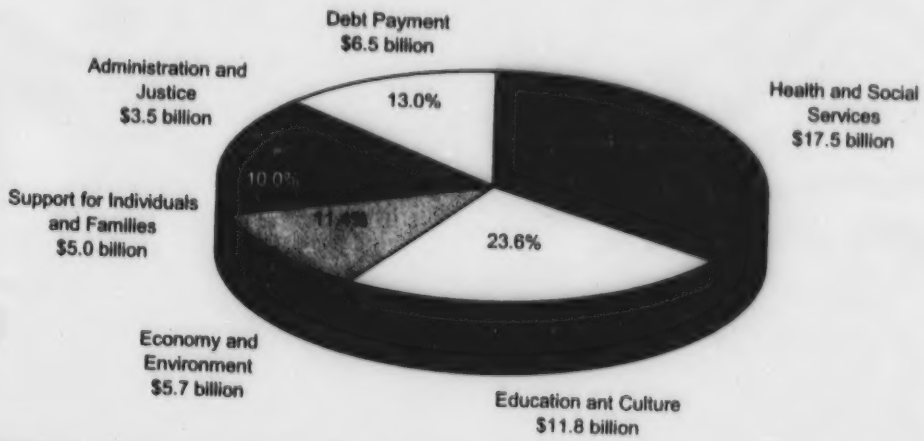
The data on the missions do not include the expenditures of the special funds or those of government agencies whose budget is not voted by the National Assembly.

1. MAJOR GOVERNMENT MISSIONS

The mission structure remains unchanged in 2002-2003, i.e. Health and Social Services, Education and Culture, Economy and Environment, Support for Individuals and Families, Administration and Justice, and Debt Payment. An appendix contains a complete list of the 26 portfolios and 92 programs that comprise these six missions.

Chart 9.1 shows the relative weight, as a percentage and in billions of dollars, of each government mission.

Chart 9.1: Breakdown of the Expenditure Budget by Mission [1]



[1] Excluding savings to be realized during the year

The 2002-2003 Expenditure Budget, which amounts to $49.7 billion, breaks down as follows among the various missions:

— $17.5 billion is earmarked for the Health and Social Services mission, which accounts for 34.9% of total expenditures. This mission corresponds to the Health and Social Services portfolio. It should be noted that if debt service is excluded, this mission represents 40.4% of program spending in 2002-2003;

— $11.8 billion goes to the Education and Culture mission, which represents 23.6% of total expenditures. This mission mainly consolidates the programs of the ministère de l'Éducation and the ministère de la Culture et des Communications, as well as certain programs with a similar vocation found in other portfolios. Excluding debt service, this mission accounts for 25.8% of program spending;

— $5.7 billion is allocated to the Economy and Environment mission, which absorbs 11.4% of total expenditures. It consolidates the expenditures budgeted for support for the economy, agriculture, environmental protection, research and natural resources management;

— $5.0 billion is allocated to the Support for Individuals and Families mission, which takes up 10.0% of total expenditures. It includes all financial support programs in the family, social assistance or legal aid fields;

— $3.5 billion goes to the Administration and Justice mission, which accounts for 7.1% of total expenditures. This mission encompasses expenditures for government administration, the administration of justice and public security. It also includes expenditures that affect several sectors of society such as youth or the status of women;

— $6.5 billion is necessary for the Debt Payment mission, which takes up 13.0% of total expenditures. This mission only covers government debt service.

2. STRUCTURE OF THE DIFFERENT MISSIONS FOR 2002-2003

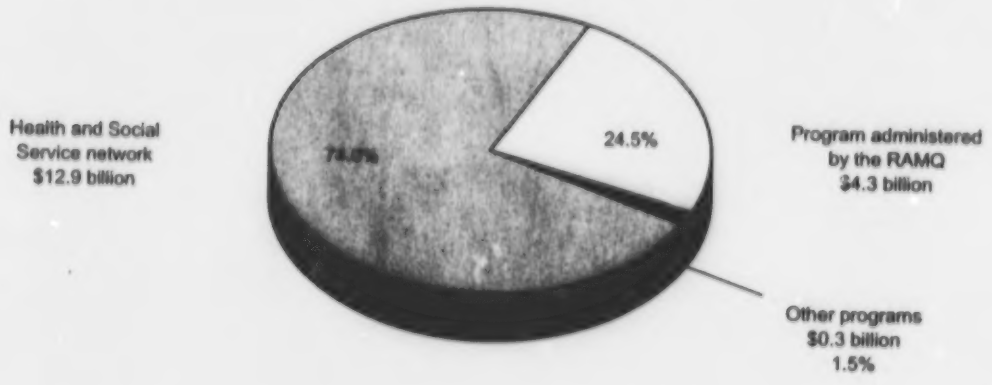
This section describes the main components of each mission and their relative importance within the mission. The Debt Payment mission is not described because it consists of a single program.

Expenditures of the Health and Social Services Mission

The Health and Social Services mission encompasses the programs of the Santé et Services sociaux portfolio. This mission is essentially composed of the health and social services network institutions and the programs administered by the Régie de l'assurance maladie.

As shown in Chart 9.2, the network's expenditures account for 74.0% of this mission's expenditures. For programs administered by the Régie de l'assurance maladie, which include the cost of professional health services and prescription drug insurance, they account for 24.5% of the total. The remaining expenditures represent 1.5% of the mission's expenditures.

Chart 9.2: Health and Social Services Mission: $17.5 billion in 2002-2003


Health and Social Service network $12.9 billion
74.0%
24.5%
Program administered by the RAMQ $4.3 billion
Other programs $0.3 billion 1.5%

Expenditures of the Education and Culture mission

The Education and Culture mission comprises the education networks, financial assistance for education, culture and certain other programs.

— The education networks consist of establishments at the elementary, secondary, CEGEP and university levels.

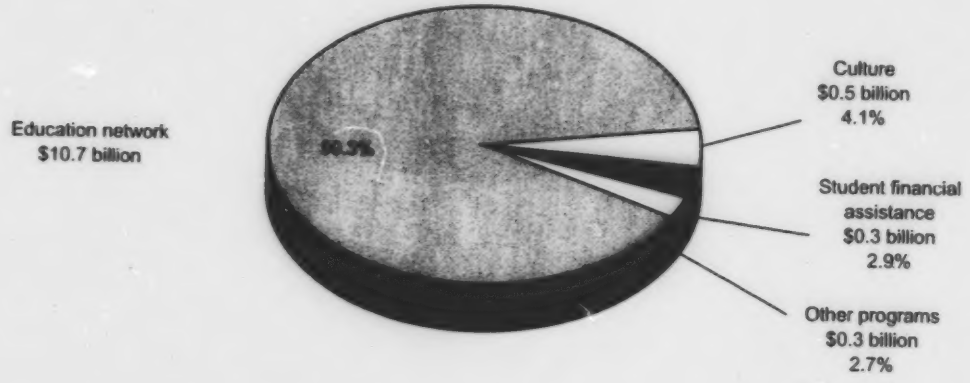
— Financial assistance for education covers all financial support for students.

— Culture corresponds to the Culture et Communications portfolio, with the exception of the Charter of the French Language.

— The other programs considered in this mission include administrative support for the ministère de l'Éducation, integration of immigrants, enforcement of the Charter of the French Language, and development of sports and recreation.

Chart 9.3 presents the breakdown of this mission. The education networks represent 90.3% of this mission's expenditures. Culture accounts for 4.1%, while financial assistance for education accounts for 2.9%. Other expenditures represent 2.7% of the mission's expenditures.

Chart 9.3: Education and Culture Mission: $11.8 billion in 2002-2003



Expenditures of the Economy and Environment mission

The Economy and Environment mission encompasses programs related to economic development, employment assistance measures, the environment and infrastructure support.

— Economic development includes the programs of various portfolios intended to support the economy. These programs may focus on a specific sector, such as agri-food, natural resources, tourism, industry, research, transportation, or external trade, or on a specific region, such as greater Montréal, Québec's capital and the regions.

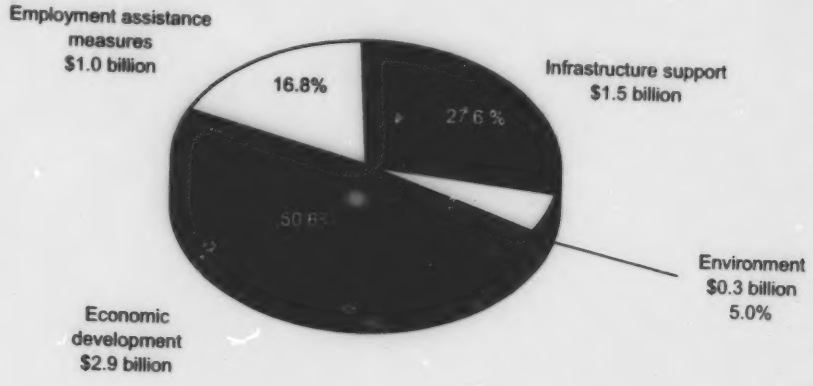
— Employment assistance measures can be found in the program of the same name of the Emploi, Solidarité sociale portfolio.

— Infrastructure support covers funding for transportation infrastructures, aqueduct and sewer systems, and water purification.

— The environment covers the Environmental Protection and Bureau d'audiences publiques sur l'environnement programs of the ministère de l'Environnement and the Faune et Parcs portfolio.

Chart 9.4 presents the breakdown of each component within the mission. Expenditures related to economic development account for the greatest share, with 50.6% of this mission's expenditures. Infrastructure support accounts for 27.6% of expenditures, while employment assistance measures absorb 16.8%. Finally, the environment requires 5.0% of this mission's expenditures.

Chart 9.4: Economy and Environment Mission: $5.7 billion in 2002-2003



Expenditures of the Support for Individuals and Families mission

The Support for Individuals and Families mission is subdivided into income security, family and childhood, and assistance to persons brought before the courts.

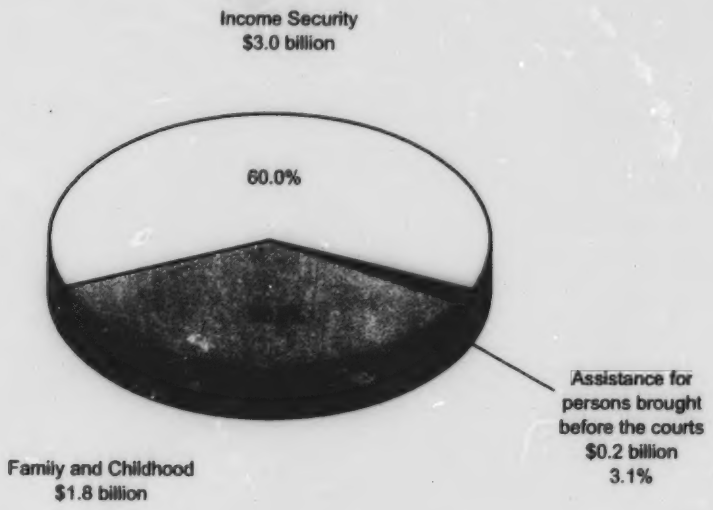
— Income security includes expenditures related to social assistance.

— Family and childhood covers all programs of the Famille et Enfance portfolio.

— Assistance to persons brought before the courts covers legal aid offered to low-income citizens.

As Chart 9.5 shows, income security takes up 60.0% of this mission's expenditures, while expenditures related to family and childhood account for 36.9%. Expenditures on assistance to persons brought before the courts represent 3.1% of this mission's expenditures.

Chart 9.5: Support for Individuals and Families Mission: $5.0 billion in 2002-2003



Expenditures of the Administration and Justice mission

The Administration and Justice mission comprises legislative authority, central agencies, tax administration, public security, assistance to municipalities and certain other administrative programs.

— Legislative authority encompasses the National Assembly and the agencies reporting to it directly, namely the Public Protector, the Auditor General and the Director General of Elections.

— Central agencies include government departments and agencies occupying a central function in the exercise of executive authority, such as the Conseil exécutif, the Conseil du trésor and the ministère des Finances.

— Tax administration coincides with the entire portfolio of the ministère du Revenu.

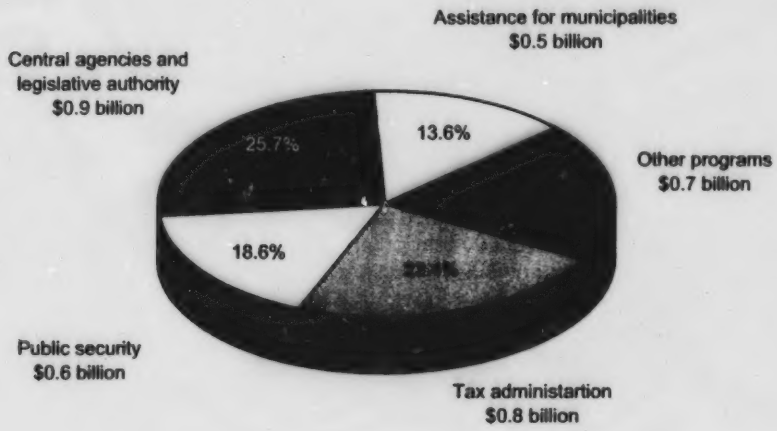
— Public security corresponds to the Sécurité publique portfolio.

— Assistance to municipalities covers compensation in lieu of taxes granted to municipalities by the government and other forms of financial assistance to municipalities.

— The other programs include various government administrative functions, found in the following portfolios: Affaires municipales et Métropole, Justice, Famille, Enfance et Condition féminine, Recherche, Science et Technologie, Relations avec les citoyens et Immigration, and Travail. They also include the Contingency Fund, the amounts of which will be allocated among the Expenditure Budget's various portfolios over the year.

Chart 9.6 presents the structure of the Administration and Justice mission. Legislative authority and the central agencies account for 25.7% of this mission's expenditures. Public security represents 18.6% of expenditures. Tax administration requires 22.4% of expenditures while assistance to municipalities takes up 13.6%. Finally, other programs cover 19.7% of the mission's expenditures.

Chart 9.6: Administration and Justice Mission: $3.5 billion in 2002-2003



3. CHANGES IN MISSIONS FROM 1999-2000 TO 2002-2003

Chart 9.7 shows the growth of each major government mission for the years 1999-2000 to 2002-2003.

— Annual average total expenditures increased by 3.0% during this period.

— The Health and Social Services mission grew by a 5.6% annual average. This mission has shown the strongest growth over the past few years.

— The Administration and Justice mission increased by an average of 4.8% per year.

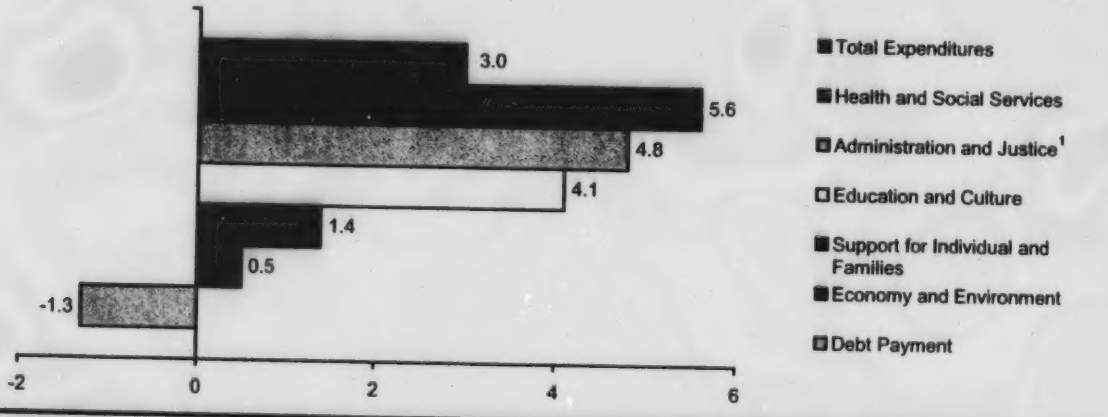
— The Education and Culture mission had a 4.1% average annual growth rate.

— The Support for Individuals and Families mission grew by an average of 1.4% per year.

— The Economy and Environment mission had a 0.5% average annual growth rate.

— The Debt Payment mission has declined by an average of 1.3% per year.

Chart 9.7: Average Annual Growth of the Expenditure Budget from 1999-2000 to 2002-2003, by mission (%)



[1] The Contingency Fund has been removed from the Administration and Justice mission to account for the fact that it will be allocated to other missions during the year.

APPENDIX A

Expenditures by mission, portfolio and program

Health and Social Services	Expenditure Budget 2002-2003	Expenditure Budget 2001-2002	Probable Expenditure 2001-2002	Expenditures 2000-2001	Expenditures 1999-2000
			($ 000 000)		
Santé et Services sociaux					
National Operations	**218,3**	231,1	234,9	212,6	226,9
Regional Operations	**12 913,8**	12 603,8	12 559,4	11 895,8	10 910,9
Office des personnes handicapées du Québec	**51,1**	47,2	58,5	50,9	47,9
Régie de l'assurance maladie du Québec	**4 268,2**	4 257,1	4 257,1	3 938,9	3 642,6
Total of this Mission	**17 451,4**	17 139,3	17 110,0	16 098,3	14 828,2

Note: Figures are rounded and the sum of the amounts recorded in respect of each program may not correspond to the total. 2001-2002 expenditures and expenditures from previous years have been adjusted in order to present them on the same basis as the 2002-2003 budget.

APPENDIX B

Expenditures by mission, portfolio and program

Education and Culture	Expenditure Budget 2002-2003	Expenditure Budget 2001-2002	Probable Expenditure 2001-2002	Expenditures 2000-2001	Expenditures 1999-2000
			($ 000 000)		
Culture et Communications					
Internal Management, National Institutions and Commission des biens culturels	76,6	73,9	73,9	71,5	68,3
Support for Culture, Communications and Government Corporations	403,7	386,4	389,7	444,9	402,7
Charter of the French Language	23,8	24,1	23,2	23,2	21,6
Régie du cinéma	-	-	-	2,5	3,4
Éducation					
Administration and Consulting	114,9	109,7	112,7	[illegible]	107,7
Tourism and Hotel Industry Training	17,4	16,5	16,1	17,4	15,2
Financial Assistance for Education	355,0	352,5	317,2	300,5	330,4
Pre-school, Primary and Secondary Education	6 721,1	6 397,0	6 479,3	6 134,6	5 963,5
Higher Education	3 371,2	3 222,1	3 077,5	3 049,2	2 937,9
Retirement Plans	564,2	537,2	537,2	519,8	470,7
Relations avec les citoyens et Immigration					
Immigration, Integration and Regionalization	112,3	109,0	119,2	98,6	97,2
Tourisme, Loisir et Sport					
Development of Recreation and Sport	66,7	60,1	73,2	63,1	59,5
Total of this Mission	11 826,9	11 288,5	11 219,2	10 834,0	10 478,1

Note: Figures are rounded and the sum of the amounts recorded in respect of each program may not correspond to the total. 2001-2002 expenditures and expenditures from previous years have been adjusted in order to present them on the same basis as the 2002-2003 budget.

APPENDIX C

Expenditures by mission, portfolio and program

Economy and Environment	Expenditure Budget 2002-2003	Expenditure Budget 2001-2002	Probable Expenditure 2001-2002	Expenditures 2000-2001	Expenditures 1999-2000
			($ 000 000)		
Affaires municipales et Métropole					
Greater Montréal Promotion and Development	116,4	77,4	97,5	156,4	75,6
Upgrading Infrastructure and Urban Renewal	608,3	628,9	595,8	395,9	434,9
Housing	254,7	249,1	249,4	319,0	270,4
Agriculture, Pêcheries et Alimentation					
Training, Research and Technological Development	35,5	33,8	34,6	34,1	33,7
Financière agricole du Québec	305,0	305,0	305,0	361,8	208,2
Assistance for Agri-food Businesses	174,7	182,7	185,3	211,7	167,4
Regulatory Support	54,2	41,3	42,4	39,4	38,6
Internal Management and Support	54,5	50,5	51,1	49,3	48,3
Fisheries and Aquaculture Development	19,7	20,0	22,5	17,4	17,3
Conseil exécutif					
Development of Québec's Capital	38,7	36,3	37,1	50,2	36,4
Emploi, Solidarité sociale					
Employment Assistance Measures	962,6	960,1	954,3	977,4	934,8
Environnement					
Environmental Protection	176,7	161,7	169,3	153,7	217,6
Bureau d'audiences publiques sur l'environnement	4,5	4,5	4,9	4,9	5,5
Faune et Parcs					
Société de la faune et des parcs du Québec	107,4	113,9	121,5	147,8	79,5
Finances					
Economic Development Assistance	196,3	158,1	270,6	321,2	215,1
Private Investment and Job Creation Promotion Fund	248,4	244,7	87,4	-	-
Industrie et Commerce					
Financial and Technical Support for Businesses and Market Development	139,7	145,6	208,6	276,6	155,0
Québec Student Placement	5,2	5,2	-	-	-
Recherche, Science et Technologie					
Assistance Measures for Research, Science, Technology and Innovation	223,2	205,1	201,5	228,6	284,7
Régions					
Support Measures for Local and Regional Development	194,7	188,1	141,8	120,4	147,1

Note: Figures are rounded and the sum of the amounts recorded in respect of each program may not correspond to the total. 2001-2002 expenditures and expenditures from previous years have been adjusted in order to present them on the same basis as the 2002-2003 budget.

APPENDIX C

Expenditures by mission, portfolio and program

Economy and Environment (cont'd.)	Expenditure Budget 2002-2003	Expenditure Budget 2001-2002	Probable Expenditure 2001-2002	Expenditures 2000-2001	Expenditures 1999-2000
			($ 000 000)		
Relations internationales					
International Affairs	107,5	105,6	109,5	103,9	98,4
Ressources naturelles					
Land Inventory and Management	26,5	30,3	29,1	29,2	30,6
Inventory and Management of Forest Heritage	131,3	160,6	161,6	190,9	307,2
Energy Development	45,1	48,2	47,4	51,8	52,3
Mineral Resources Management and Development	35,2	35,1	49,5	47,5	49,2
Management and Administrative Support	39,5	38,6	38,7	43,5	45,7
Tourisme, Loisir et Sport					
Promotion and Development of Tourism	61,5	60,1	84,2	88,7	113,8
Transports					
Transportation Infrastructure	971,0	853,0	919,1	1 106,4	1 189,5
Transportation Systems	298,6	322,7	354,1	320,5	310,3
Administration and Corporate Services	92,7	90,0	90,7	79,8	78,4
Total of this Mission	5 729,2	5 556,0	5 664,2	5 928,1	5 645,3

Note: Figures are rounded and the sum of the amounts recorded in respect of each program may not correspond to the total. 2001-2002 expenditures and expenditures from previous years have been adjusted in order to present them on the same basis as the 2002-2003 budget.

APPENDIX D

Expenditures by mission, portfolio and program

Support for Individuals and Families	Expenditure Budget 2002-2003	Expenditure Budget 2001-2002	Probable Expenditure 2001-2002	Expenditures 2000-2001	Expenditures 1999-2000
			($ 000 000)		
Emploi, Solidarité sociale					
Financial Assistance Measures	2 801,3	2 948,7	2 905,7	2 918,0	2 953,7
Management Support	203,8	197,7	196,0	199,5	175,2
Famille, Enfance et Condition féminine*					
Planning, Research and Administration	42,1	40,2	39,1	31,7	31,0
Family and Child Services	1 210,0	1 024,4	1 037,5	829,0	646,1
Family Benefits	595,9	603,9	617,4	693,0	855,3
Advisory Bodies	3,7	3,5	3,5	1,8	1,9
Justice					
Assistance to Persons Brought before the Courts	155,6	165,3	165,3	149,0	141,5
Total of this Mission	5 012,6	4 983,8	4 964,5	4 822,1	4 804,8

* An adjustment was made in order to present 2001-2002 probable expenditure and expenditures from previous years on the same basis as in 2002-2003. This adjustment led, for 2001-2002, to a $38.4 million increase in expenditure in the "Famille, Enfance et Condition féminine" portfolio given that the family policy is gradually replacing certain measures that were formerly accounted for as deductions from income.

Note: Figures are rounded and the sum of the amounts recorded in respect of each program may not correspond to the total. 2001-2002 expenditures and expenditures from previous years have been adjusted in order to present them on the same basis as the 2002-2003 budget.

APPENDIX E

Expenditures by mission, portfolio and program

Administration and Justice	Expenditure Budget 2002-2003	Expenditure Budget 2001-2002	Probable Expenditure 2001-2002	Expenditures 2000-2001	Expenditures 1999-2000
			($ 000 000)		
National Assembly					
Secrétariat général et Secrétariat général adjoint aux affaires parlementaires et institutionnelles	15,9	14,7	14,7	12,5	10,9
Secrétariat général adjoint aux affaires administratives	31,7	30,8	30,8	26,6	24,9
Statutory Support Services for Parliamentarians	43,9	43,1	43,1	40,9	38,6
Persons Appointed by the National Assembly					
The Public Protector	7,9	7,0	7,2	7,2	6,2
The Auditor General	16,7	15,7	15,9	14,9	14,8
Administration of the Electoral System	23,3	26,7	26,7	19,7	20,3
Affaires municipales et Métropole					
Compensation in lieu of Taxes and Financial Assistance to Municipalities	478,2	429,0	472,8	458,6	281,5
General Administration	45,3	43,9	46,6	41,0	38,3
Commission municipale du Québec	3,1	2,8	2,8	2,4	2,2
Régie du logement	13,9	13,7	13,8	13,7	13,2
Conseil du trésor, Administration et Fonction publique					
Secretariat of the Conseil du trésor	63,5	62,1	51,2	47,9	51,2
Government Operations	69,8	73,1	56,9	114,0	128,0
Commission de la fonction publique	2,8	2,7	2,4	2,1	2,3
Retirement and Insurance Plans	308,2	327,1	327,1	269,9	190,7
Contingency Fund	104,0	62,2	-	-	-
Conseil exécutif					
Lieutenant-Governor's Office	1,2	1,2	1,1	0,9	0,9
Support Services for the Prime Minister and the Conseil exécutif	67,2	65,7	33,6	27,6	30,3
Canadian Intergovernmental Affairs	11,4	12,0	12,0	9,0	11,8
Native Affairs	51,1	23,4	23,5	16,0	10,9
Youth	8,8	8,7	9,5	7,4	125,0
Famille, Enfance et Condition féminine					
Status of Women	7,3	7,1	7,0	7,0	6,9

Note: Figures are rounded and the sum of the amounts recorded in respect of each program may not correspond to the total. 2001-2002 expenditures and expenditures from previous years have been adjusted in order to present them on the same basis as the 2002-2003 budget.

APPENDIX E

Expenditures by mission, portfolio and program

Administration and Justice (cont'd.)	Expenditure Budget 2002-2003	Expenditure Budget 2001-2002	Probable Expenditure 2001-2002	Expenditures 2000-2001	Expenditures 1999-2000
			($ 000 000)		
Finances					
Economic and Fiscal Policies	35,9	34,9	34,1	25,6	22,7
Financial Policies and Operations	20,6	19,2	19,4	15,5	10,9
Comptroller of Finance, and Government Accounting	17,3	16,8	16,3	13,8	13,9
Internal Management and Support	27,4	23,9	23,9	20,6	18,3
The Inspector General of Financial Institutions	25,2	24,6	24,7	22,4	22,3
Provision for initiatives concerning revenues	57,9	47,9	14,2	-	-
Justice					
Judicial Activity	67,6	63,0	65,6	61,8	60,6
Administration of Justice	275,4	262,9	270,7	247,5	246,7
Administrative Justice	9,6	9,7	9,7	9,8	10,2
Recherche, Science et Technologie					
Administrative Support for Research, Science, Technology and Innovation	23,2	21,9	22,2	17,3	13,9
Relations avec les citoyens et Immigration					
Civic Relations, Citizen Relations and Management of Identity	24,6	21,9	35,1	21,3	21,9
Advisory and Protection Organizations Reporting to the Minister	26,3	24,7	25,9	24,0	22,8
Public Curator	36,7	35,2	35,0	34,6	-
Revenu					
Tax Administration	658,6	631,3	626,8	715,5	720,6
Sécurité publique					
Security, Prevention and Internal Management	371,1	345,4	377,5	362,0	336,1
Sûreté du Québec	393,9	380,7	385,7	355,8	337,7
Organizations Reporting to the Minister	25,2	24,8	26,8	26,5	26,8
Travail					
Labour	61,2	73,3	77,2	78,7	81,0
Total of this Mission	3 532,7	3 334,9	3 289,6	3 191,9	2 975,1

Note: Figures are rounded and the sum of the amounts recorded in respect of each program may not correspond to the total. 2001-2002 expenditures and expenditures from previous years have been adjusted in order to present them on the same basis as the 2002-2003 budget.

APPENDIX F

Expenditures by mission, portfolio and program

Debt Payment

	Expenditure Budget 2002-2003	Expenditure Budget 2001-2002	Probable Expenditure 2001-2002	Expenditures 2000-2001	Expenditures 1999-2000
			($ 000 000)		
Finances					
Debt Service and Interest on the Retirement Plans Account	**6 497,0**	6 732,0	6 732,0	6 971,6	6 751,0
Total of this Mission	**6 497,0**	6 732,0	6 732,0	6 971,6	6 751,0
Savings to be Realized	**(300,0)**				
2002-2003 Appropriations Carried Over in 2003-2004	**(29,8)**				
Other Variations*	**-**	**(54,9)**	-	-	-
Mission Total	**49 720,0**	48 979,5	48 979,5	47 846,0	45 482,5

* The other variations include notably the adjustement for the family policy as well as corrections to the 2001-2002 comparative budget in order to present data on the same basis as in 2002-2003.

Note: Figures are rounded and the sum of the amounts recorded in respect of each program may not correspond to the total. 2001-2002 expenditures and expenditures from previous years have been adjusted in order to present them on the same basis as the 2002-2003 budget.

CHAPTER 10

PROFILE OF THE CHANGES IN EXPENDITURES AND COMPARISONS WITH OTHER JURISDICTIONS

CHAPTER 10

PROFILE OF THE CHANGES IN EXPENDITURES AND COMPARISONS WITH OTHER JURISDICTIONS

INTRODUCTION

This chapter describes the changes in the Québec government's expenditures over the last 15 years. It also compares these expenditures to those of other jurisdictions, by comparing certain of Québec's expenditure indicators with those of other Canadian provinces and of certain OECD countries (Organisation for Economic Co-operation and Development).

The data regarding the Québec government expenditures are those presented in the tables in the Appendix to this volume. The data for the Canadian provinces were gathered from public accounts and the various governments' expenditure budgets. It should be noted that the category "other provinces" that appears in the charts is defined as all of Canada, with, however, the data for Québec and Ontario removed.

The data used to compare health sector expenditures come from the Canadian Institute for Health Information (CIHI) and from the OECD. For the education sector, data were culled from the Québec's ministère de l'Éducation publication entitled "Indicateurs de l'éducation édition 2001" as well as from the OECD.

This chapter includes two sections:

— The first section presents overall changes in government expenditures and the main components of such changes, between 1988-1989 and 2002-2003 (the latter fiscal year represents the 2002-2003 Expenditure Budget). Furthermore, this section compares the Québec government expenditures to those of Ontario, other Canadian provinces as well as a few OECD countries, notably with regard to the increase in program spending and debt service expenditures;

— The second focuses on changes in expenditures by activity sector and compares public expenditure and private spending levels in the health and education sectors with those in Ontario, other Canadian provinces and in certain OECD countries.

1. OVERALL CHANGE IN EXPENDITURES

This section presents changes in program spending, debt service expenditures and total expenditures for the Québec government. These are then compared with expenditures for other jurisdictions. Comparisons of expenditures as a percentage of nominal GDP and per capita are also presented.

Increase in program spending more marked since 1997-1998

Chart 10.1 presents the annual change in total expenditures and program spending, in billions of dollars, between 1988-1989 and 2002-2003. Total expenditures consist of program spending and debt service expenditures.

Program spending went from $28.1 billion in 1988-1989 to $35.3 billion in 1996-1997, and to $43.2 billion in 2002-2003. Total expenditures, for their part, went from $31.9 billion in 1988-1989 to $41.2 billion in 1996-1997, and are at $49.7 billion in 2002-2003.

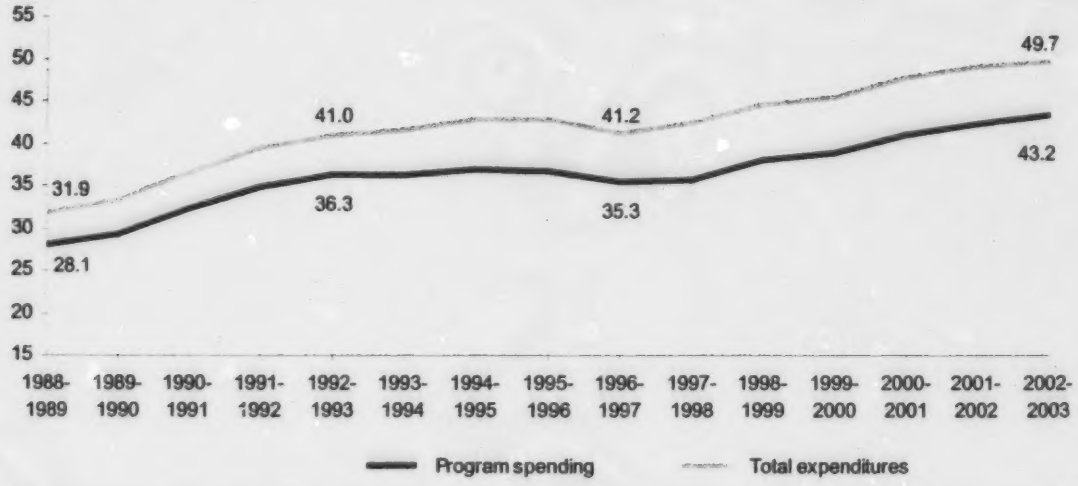
In terms of changes in program spending, the chart indicates:

— An increase in expenditures between 1988-1989 and 1992-1993;

— Stabilization of expenditures during the period from 1992-1993 to 1997-1998;

— Renewed growth in expenditures starting in 1998-1999.

Chart 10.1: Total expenditures and program spending for Québec from 1988-1989 to 2002-2003 (in billions of dollars)



Source: Secrétariat du Conseil du trésor.

Program spending as a percentage of GDP has remained stable since 1999-2000

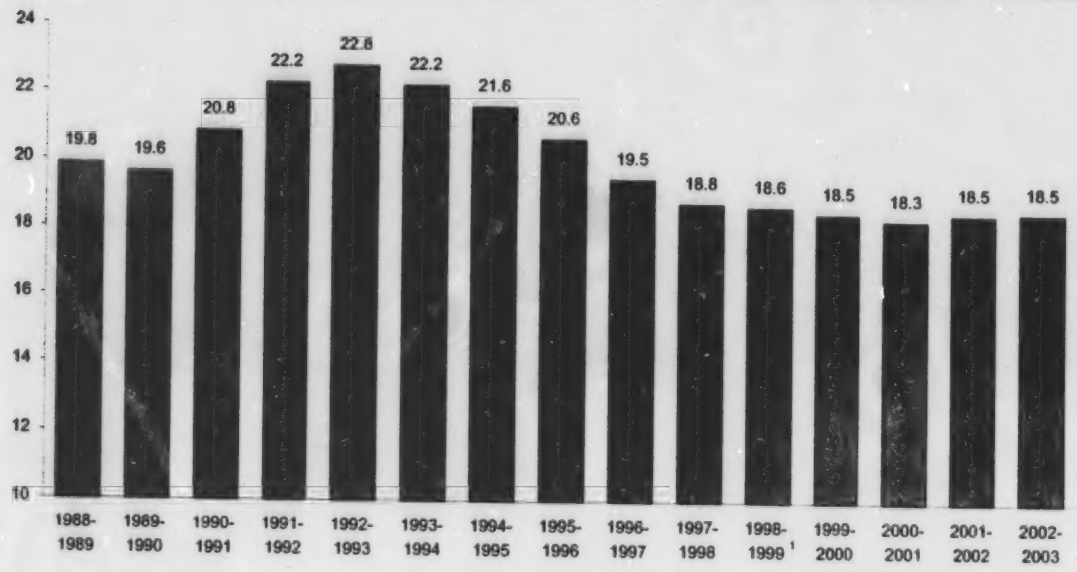
The "program spending to nominal GDP" ratio is an indicator of the importance of government expenditures in the economy. Chart 10.2 presents the annual changes in program spending as a proportion of the nominal GDP since 1988-1989. This chart reveals that:

— Between 1988-1989 and 1992-1993, there was an increase in the level of program spending as a percentage of the nominal GDP;

— The level of program spending as a percentage of the nominal GDP has been gradually dropping over the last ten years, going from 22.8% in 1992-1993 to 18.5% in 2002-2003, or a decrease of 4.3 percentage points;

— This ratio has also indicated, for the last five years, a trend towards stabilization. We forecast that it will remain steady at 18.5% in 2002-2003, despite a weaker increase in the nominal GDP than that of previous years.

Chart 10.2: Program spending as a percentage of the nominal GDP for Québec from 1988-1989 to 2002-2003 (%)



[1] Percentage corrected to exclude the impact of extraordinary expenditures of $1,007.0 million in 1998-1999 in order to implement the plan concerning financial restructuring and consolidation of health and social services network institutions, and of $170.0 million in order to improve the financial situation of universities. If these amounts were included, the percentage would be 19.2%.

Source: Secrétariat du Conseil du trésor, for data on program spending, and Statistics Canada and the Québec ministère des Finances for data on the GDP.

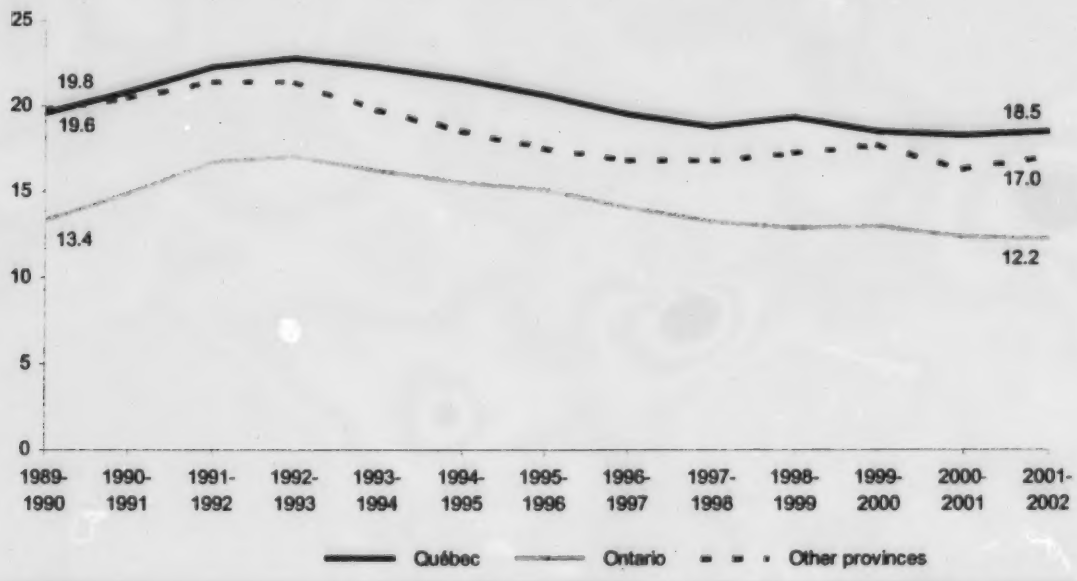
The weight of program spending in Québec is higher than in Ontario

Chart 10.3 compares the level of program spending as a percentage of the nominal GDP for Québec, Ontario and the other provinces, for the period from 1989-1990 to 2001-2002. In this regard, the following points should be noted:

— In 2001-2002, the level of spending as a percentage of the nominal GDP was 18.5% for Québec, compared to 12.2% for Ontario and 17.0% for the other provinces;

— Since 1992-1993, we note that the weight of spending in the economy has decreased in Québec, much as it has in Ontario and the other provinces.

Chart 10.3: Program spending as a percentage of the nominal GDP from 1989-1990 to 2001-2002 for Québec, Ontario and the other provinces (%)



Source: Public accounts and provincial expenditure budgets, Québec ministère des Finances. The numbers provided for 2001-2002 are estimates.

Québec is among those jurisdictions with a public sector that plays a significant role in the economy

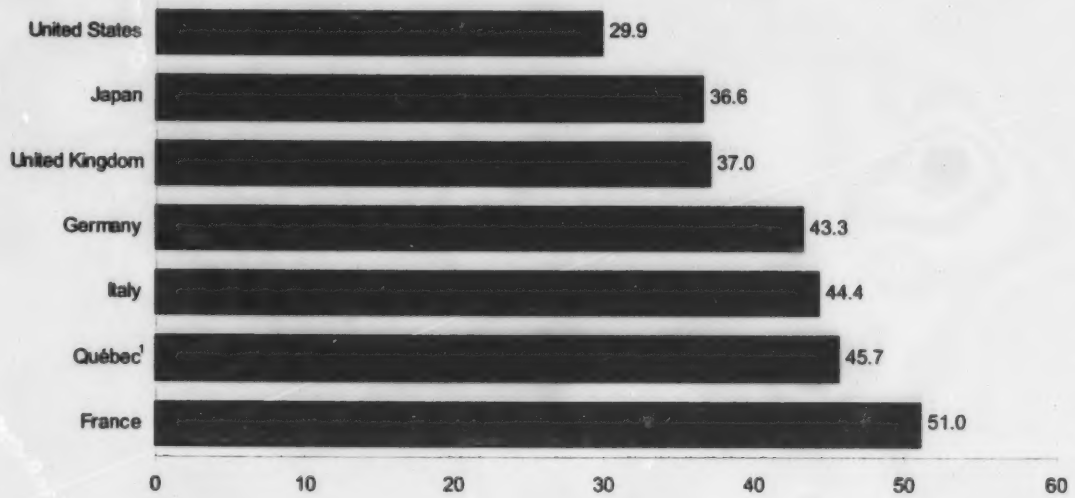
The proportion of total consolidated expenditures of public administrations as compared to the nominal GDP is a measurement of the role the public sector plays in the economy. Chart 10.4 presents a comparison, for 2000, of the level of consolidated expenditures of public administrations from all levels of government in certain OECD countries. This chart reveals the following:

— Total expenditures as a percentage of nominal GDP for Québec are at a level comparable to that of Italy;

— Among all of the countries considered, France has the largest public sector, in terms of percentage of nominal GDP;

— At the other end of the spectrum, the United States remains the country with the smallest public sector, in terms of percentage of nominal GDP.

Chart 10.4: Total public administration expenditures as a percentage of nominal GDP in 2000 for Québec and certain OECD countries (%)



[1] For Québec, the indicator is estimated from the OECD indicator for Canada, which is at 37.7%, and from Canadian statistics presented in the previous chart.

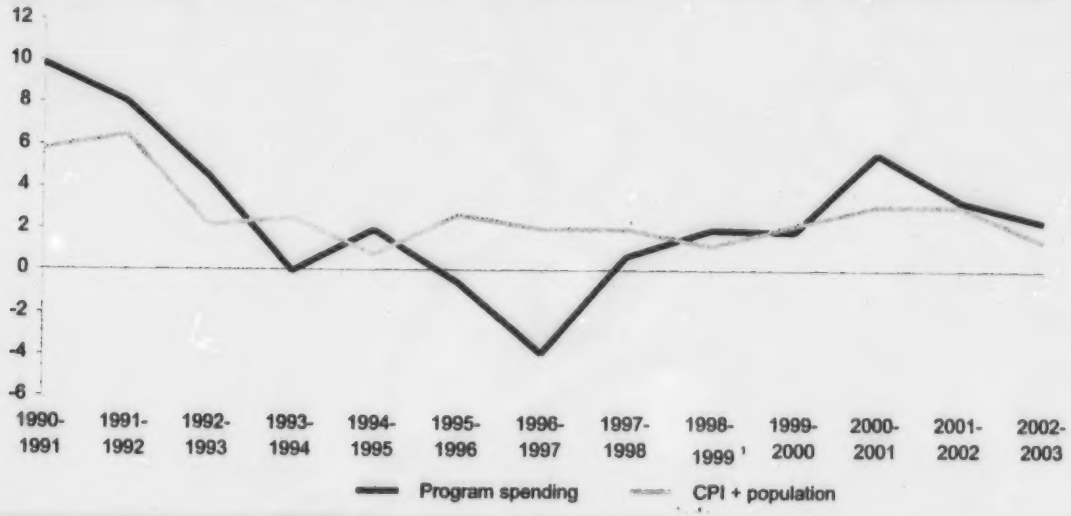
Source: OECD: *OECD Economic Outlook*, vol. 70, December 2001.

In general, changes in program spending follow the "CPI + population" index

The "CPI + population" index offers a measure of the pressures of inflation and demographics on public spending. Chart 10.5 presents the average rates of change, on an annual basis, of program spending, compared to that of the consumer price index (CPI), to which is added the rate of change of the population (which is an average of 0.5% per year for the period from 1990-1991 to 2002-2003).

The chart shows that, in general, changes in program spending tend to follow the "CPI + population" index, with the exception of the period from 1995-1996 to 1997-1998, where efforts were being made to eliminate the deficit.

Chart 10.5: Average annual percentage change in program spending and the "CPI + population" index for Québec from 1990-1991 to 2002-2003 (%)



[1] Rate corrected to exclude, on the one hand, the impact of the Canada-Québec Labour Market Agreement, which came into force in 1998-1999, for an amount of $595.6 million, and, on the other hand, the impact of extraordinary expenditures effected in 1998-1999 to implement the financial restructuring and consolidation plan for health and social services network institutions for an amount of $1,007.0 million, and to improve the financial position of the universities, for an amount of $170.0 million. The growth rate, taking these expenditures into account, would have been 6.9%.

Source: Secrétariat du Conseil du trésor for data on expenditures, Statistics Canada and the Québec ministère des Finances for data regarding the CPI.

Note: The gross domestic product is calculated on a nominal basis, by taking the yearly average for the year in question. The population used is that at July 1st, namely that of the second quarter of the corresponding fiscal year.

In constant dollars, per capita program spending is similar to that of 1992-1993

Per capita program spending can serve as an indicator for measuring the volume of public services offered. Changes in this indicator, in current dollars and constant dollars (that is, excluding the effects of inflation), are shown in Chart 10.6.

In terms of current dollars, the chart indicates:

— In 1992-1993, per capita program spending was $5,100, and thereafter decreased to $4,857 in 1996-1997, which represents a drop of 4.8% for this period;

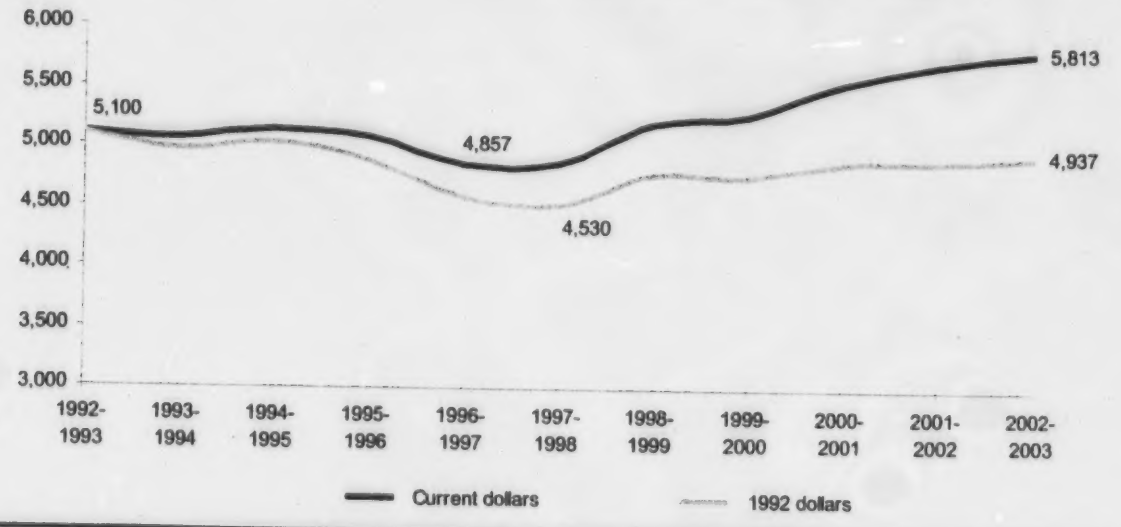
— During the period from 1996-1997 to 2002-2003, per capita program spending increased by 19.7%, reaching $5,813 in 2002-2003.

In terms of constant dollars in 1992, the chart indicates:

— From 1992-1993 to 1997-1998, the level of per capita expenditures decreased by 11.2%, going from $5,100 in 1992-1993 to $4,530 in 1997-1998;

— Thereafter, we note an increase in the level of per capita expenditures, which rose from $4,530 in 1997-1998 to $ 4,937 in 2002-2003, an increase of 9.0% for this period.

Chart 10.6: Per capita program spending, in dollars, for Québec from 1992-1993 to 2002-2003 ($)



Source: Secrétariat du Conseil du trésor for program spending, Statistics Canada and the Québec ministère des Finances.

Note: The population used is that as at July 1st, namely that of the second quarter of the corresponding fiscal year.

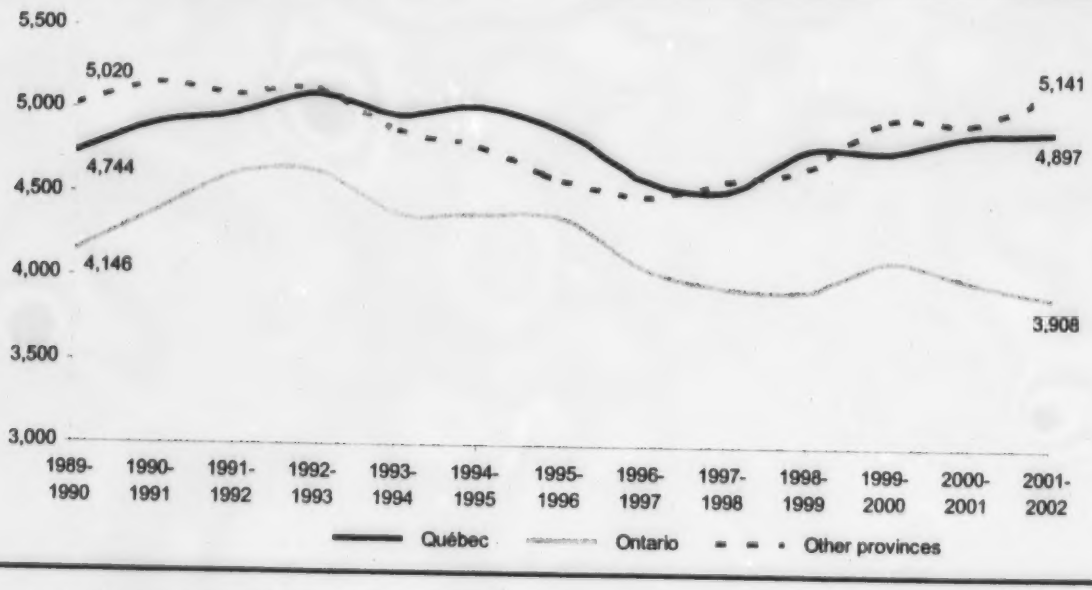
In constant dollars, Québec spends more per capita than does Ontario, but less than the other provinces

Chart 10.7 compares the change in per capita program spending in constant dollars for Québec, Ontario and the other Canadian provinces, for the period from 1989-1990 to 2001-2002. This comparison yields the following conclusions:

— Changes in per capita program spending in constant dollars in Québec are similar to those in other Canadian provinces. In 2001-2002, these expenditures were $4,897 per capita in Québec, compared to $5,141 per capita in the other Canadian provinces;

— For the entire period under consideration, per capita program spending in constant dollars in Ontario is lower than it is in Québec and the other Canadian provinces.

Chart 10.7: Per capita program spending from 1989-1990 to 2001-2002 for Québec, Ontario and the other provinces (in constant $)



Source: Public accounts and expenditure budgets of the provinces, Statistics Canada and the Québec ministère des Finances. The figures for 2001-2002 are estimates.

Note: The population used is that as at July 1st, namely that of the second quarter of the corresponding fiscal year.

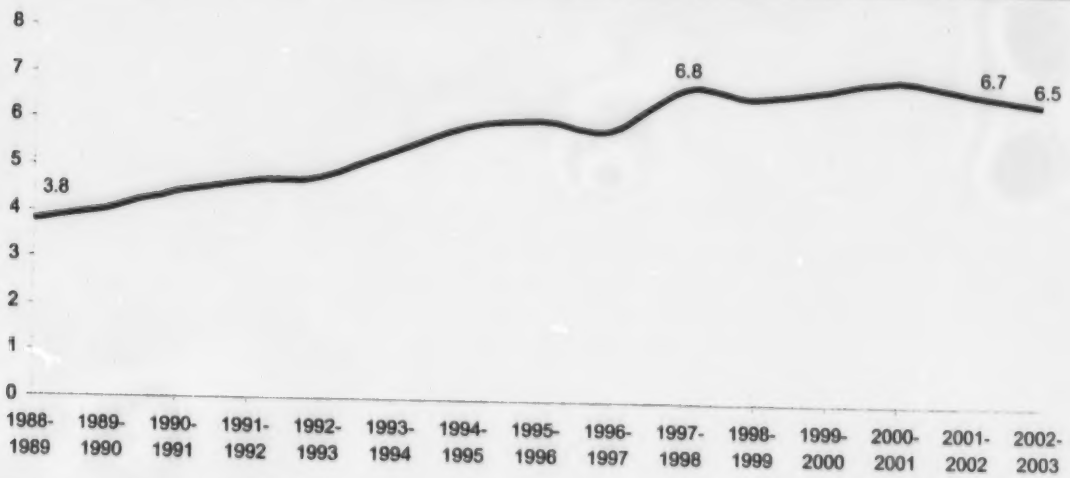
Government debt service expenditures have begun decreasing again

Chart 10.8 shows the changes in the government debt service expenditures, in billions of dollars, since 1988-1989. In this regard, it is important to note the following points:

— The government debt service expenditures went from $3.8 billion in 1988-1989 to $6.8 billion in 1997-1998, an increase of 77.9% for this period;

— Since 1997-1998, these expenditures have been dropping, reaching $6.5 billion in 2002-2003, which represents a decrease of 4.0% from the point where a balanced budget was attained.

Chart 10.8: Debt service expenditures for Québec from 1988-1989 to 2002-2003 (in billions of $)



Source: Secrétariat du Conseil du trésor. For 2001-2002, probable expenditures are used, and for 2002-2003, forecasts.

Note: The government debt service does not include the subsidized debt, which is addressed in Chapter 3 of this volume.

Québec's debt service expenditures as a percentage of total expenditures are comparable to those of Ontario, but significantly greater than those of the other provinces

The percentage of total expenditures that consists of the debt service is an indicator that allows for measuring the impact of the government debt on the expenditure budget.

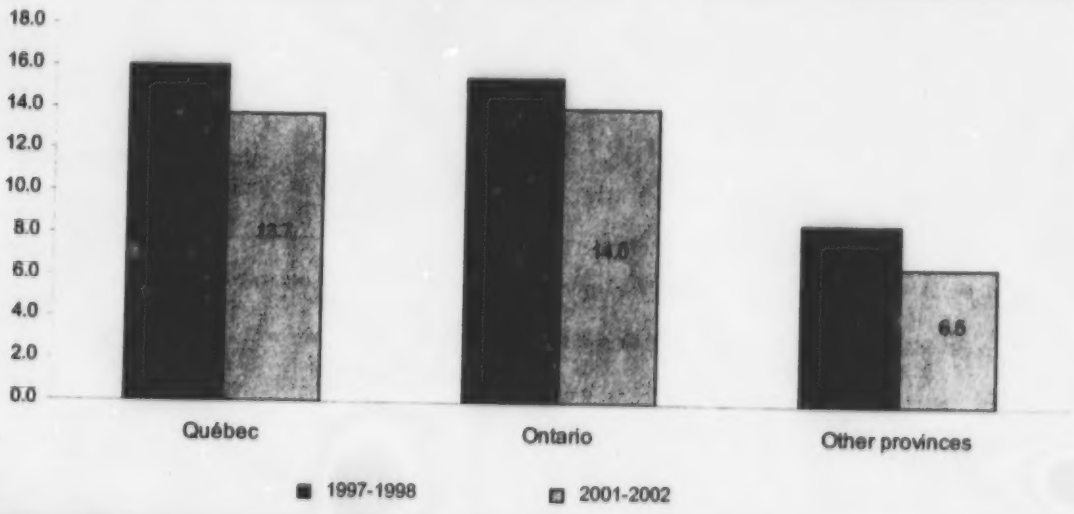
Chart 10.9 compares, for the years 1997-1998 and 2001-2002, Québec's government debt service percentage to that of Ontario and the other provinces. This chart makes it possible to state the following:

— The Québec government's debt service ratio is, along with that of Ontario, one of the highest in Canada;

— This ratio, for all jurisdictions, is decreasing, subsequent to the efforts made to reach a balanced budget.

For Québec, the ratio is based on a debt service that does not include the interest on the subsidized debt. If this interest were considered, the ratio would be 19.5% in 1997-1998 and 17.2% in 2001-2002.

Chart 10.9: Debt service as a percentage of total expenditures in 1997-1998 and 2001-2002 for Québec, Ontario and the other provinces (%)



Source: Public accounts and budgets of the provinces.

2. CHANGES IN EXPENDITURES BY ACTIVITY SECTOR

This section presents program spending by considering, more specifically, three sectors, namely "Health and Social Services", "Education" and "Family, Childhood and Status of Women", which group program spending of the portfolios with the same names. Expenditures for other portfolios and programs are grouped together under the term "Other Portfolios". This section also presents expenditures as a percentage of nominal GDP and per capita expenditures, for Québec as well as for other Canadian provinces and, as regards health and education, for certain OECD countries.

Major reinvestments were made in priority sectors since 1998-1999

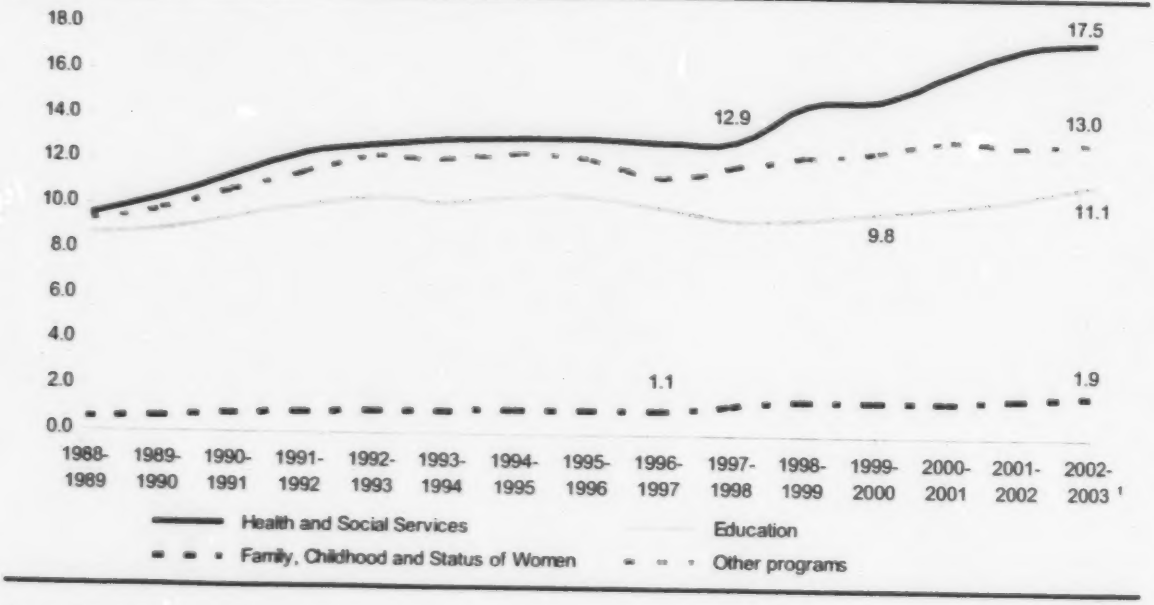
In 2002-2003, forecasted expenditures include $17.5 billion in the "Health and Social Services" sector, $11.1 billion in the "Education" sector, $1.9 billion in the "Family, Childhood and Status of Women" sector and $13.0 billion in "Other Portfolios". Chart 10.10 compares the changes in expenditures, in billions of dollars, for the sectors in question, since 1988-1989. We note that:

— There has been a noticeably greater increase in expenditures in the "Health and Social Services" sector, particularly since 1998-1999. In 2002-2003, we forecast that expenditures in this sector will reach $17.5 billion, compared to $12.9 billion in 1997-1998, which represents an average annual increase of 6.2%;

— Expenditures in the "Education" sector increased in 2002-2003, to reach $11.1 billion, in comparison with $9.8 billion in 1999-2000, which represents an average annual increase of 4.3% for this period;

— The "Family, Childhood and Status of Women" sector's expenditure budget was set at $1.9 billion in 2002-2003, whereas it was $1.1 billion in 1996-1997; this represents an average annual increase of 9.0%.

Chart 10.10: Program spending by sector for Québec from 1988-1989 to 2002-2003 (in billions of dollars)



[1] Excluding savings to be realized.

Source: Secrétariat du Conseil du trésor. For 2001-2002, probable expenditures are used, and for 2002-2003, forecasts.

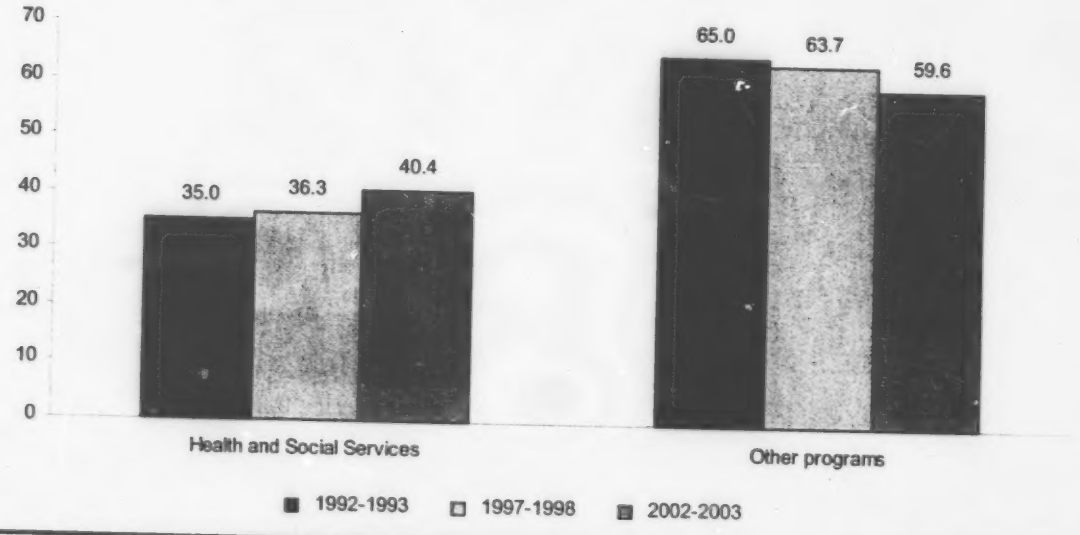
The weight of health expenditures has increased significantly over the last 10 years

Chart 10.11 presents the distribution of program spending for the "Health and Social Services" sector as well as for all of the other portfolios, in 1992-1993, 1997-1998 and 2002-2003. This chart shows that there has been a significant change in the distribution of program spending over the course of the last ten years. This comparison reveals the following:

— The weight of expenditures in the "Health and Social Services" sector in comparison to other program spending went from 35.0% in 1992-1993 to 40.4% in 2002-2003;

— Overall, the other programs had the relative weight of their expenditures decreased by slightly over five percentage points over the last ten years.

Chart 10.11: Weight of program spending by sector for Québec, in 1992-1993, 1997-1998 and 2002-2003 (%)



Source: Secrétariat du Conseil du trésor. For 2001-2002, probable expenditures are used, and for 2002-2003, forecasts.

A major reinvestment in health over the last five years

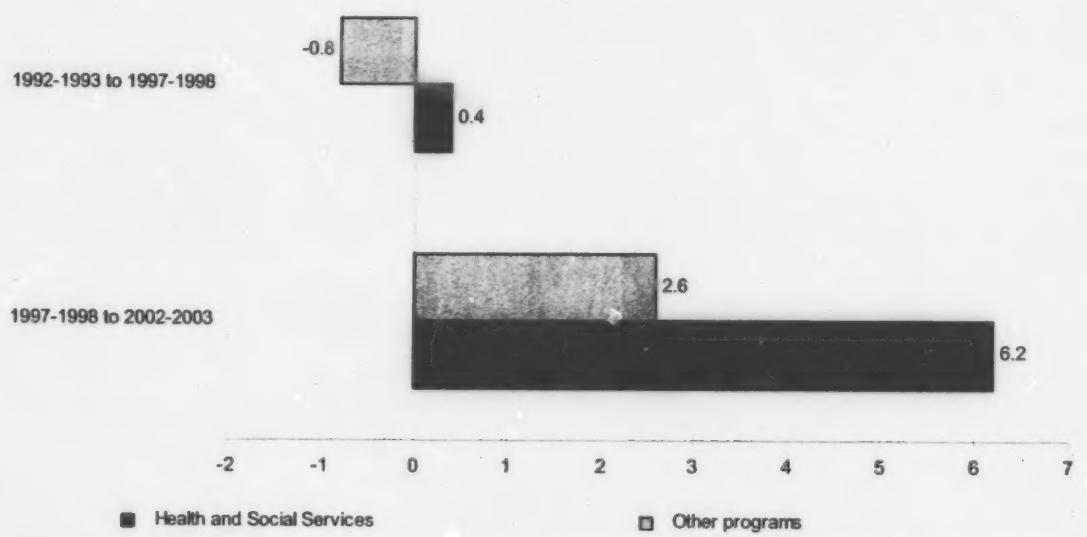
Chart 10.12 presents the average annual increase in program spending in the "Health and Social Services" sector as well as that of other programs spending, between 1992-1993 and 2002-2003.

The chart reveals the following:

— Expenditures for the "Health and Social Services" sector were relatively stable between 1992-1993 and 1997-1998. The average annual increase for this period was 0.4%. Since 1997-1998, a major reinvestment has occurred in this sector, and the average annual increase has reached 6.2%;

— For the other programs, we note a decrease of 0.8% in the expenditure budget between 1992-1993 and 1997-1998. Since 1997-1998, this sector has recorded an average annual increase of 2.6%.

Chart 10.12: Average annual growth of expenditures in the "Health and Social Services" sector as well as of other programs spending, for Québec from 1992-1993 to 2002-2003 (%)



Source: Secrétariat du Conseil du trésor. For 2001-2002, probable expenditures are used, and for 2002-2003, forecasts.

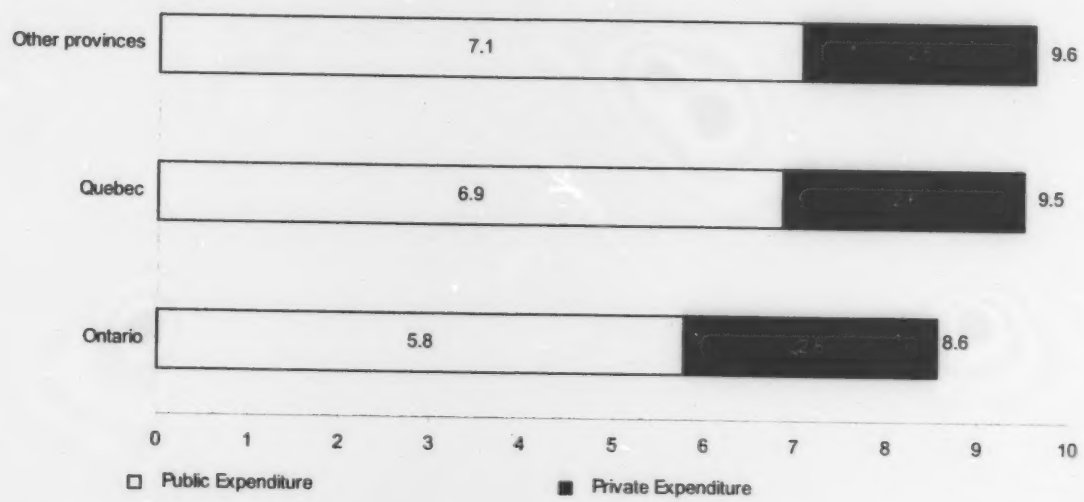
Health expenditures as a percentage of GDP are higher in Québec that in Ontario

Chart 10.13 presents public expenditures and private spending in the health sector as a percentage of the nominal GDP in Québec, Ontario and the other provinces of Canada in 1999. We note that:

— In 1999, Québec devoted 9.5% of its nominal GDP to health. This percentage is very similar to that of other provinces, which is at 9.6%, but greater than that for Ontario, which is at 8.6%;

— The level of public health expenditures as a percentage of the nominal GDP is higher in Québec, with a rate of 6.9%, than it is in Ontario, where the rate is 5.8%. Québec's rate is lower than the other provinces of Canada, which spend 7.1% of their nominal GDP in this sector.

Chart 10.13: Public expenditures and private spending in the health sector as a percentage of the nominal GDP in 1999 for Québec, Ontario and the other provinces (%)



Source: CIHI, *National Health Spending Trends 1975-2001*, December 2001.

Québec ranked first among those jurisdictions that devote the most resources to health, while taking into account its capacity to pay

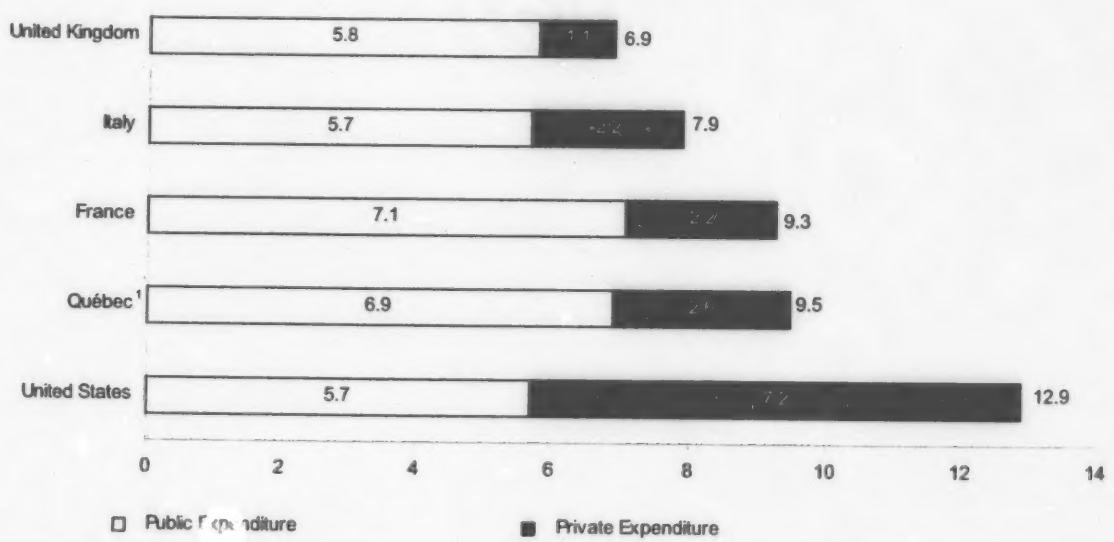
Chart 10.14 presents the public expenditures and private spending on health as a percentage of the nominal GDP for Québec and certain OECD countries. The chart reveals that:

— In 1999, Québec devoted 9.5% of its nominal GDP to health, compared to 9.3% for France, 7.9% for Italy and 6.9% for the United Kingdom;

— Public health expenditures as a percentage of nominal GDP in Québec are similar to those in France, with respective rates of 6.9% and 7.1%;

— Despite public health expenditures as a percentage of nominal GDP that are lower than in Québec, the United States remains the country where the most resources are devoted to the health sector, with total expenditures as a percentage of nominal GDP reaching 12.9%.

Chart 10.14: Public expenditures and private spending on health as a percentage of the nominal GDP in 1999 for Québec and certain OECD countries (%)



[1] For Québec, the CIHI indicator is used. The value of this OECD indicator, for total expenditures in Canada, is 9.3. If this basis were used, Québec would have an indicator of 9.6 for the total expenditures rather than 9.5, and would have a figure of 7.0 for public expenditures.

Source: OECD Health Data, August 2001.

Québec ranks among those jurisdictions that devote the most per capita resources to health

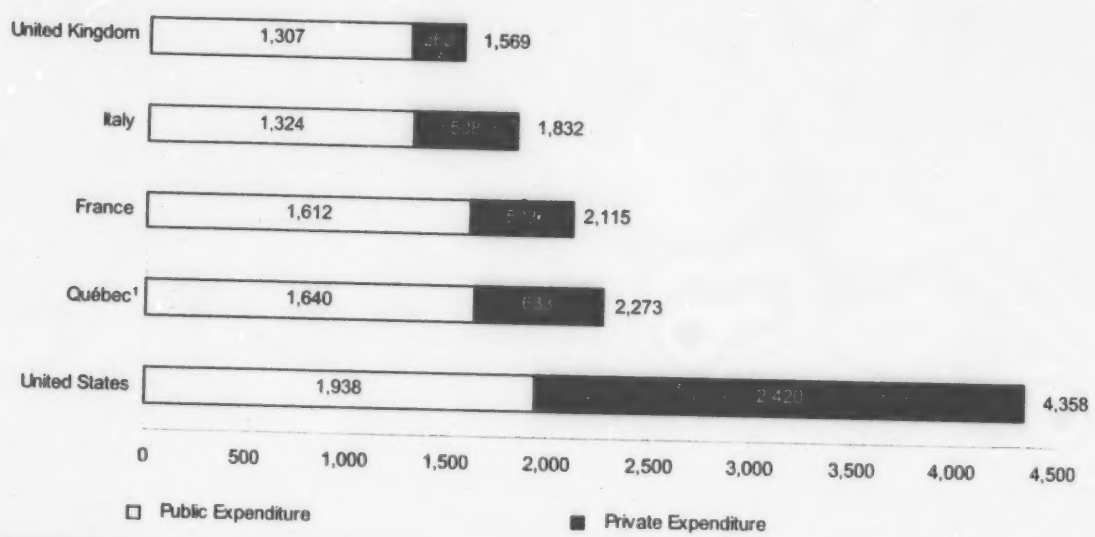
Chart 10.15 compares the per capita public health expenditures of Québec and certain OECD countries in 1999. We note that:

— In 1999, Québec devoted a total of $2,273 per capita, while the United Kingdom spent $1,569, Italy $1,832 and France, $2,115;

— Per capita public expenditures and private spending on health are also higher in Québec than in the United Kingdom, Italy and France;

— Total per capita health expenditures in the United States are nearly twice those in Québec. Furthermore, public expenditures are higher than those in Québec.

Chart 10.15: Per capita public expenditures and private spending on health in 1999 for Québec and certain OECD countries (in current US dollars PPP[2])



[1] For Québec, the indicator is estimated on the basis of Canada's indicator, which is $2,463 for total expenditures, and from CIHI Canadian statistics.

[2] The per capita gross domestic product in current US dollars PPP (purchasing power parity) is expressed in this manner so as to allow for an international comparison. Purchasing power parity are monetary conversation rates that make it possible to express the purchasing power of various currencies in a common unit. In other words, a given amount of money, converted into national currencies using PPP, would allow for purchasing the same cart of goods and services in all the countries. PPP is a series of monetary conversion rates that eliminate the price differences that exist from one country to the next.

Source: OECD Health Data, August 2001.

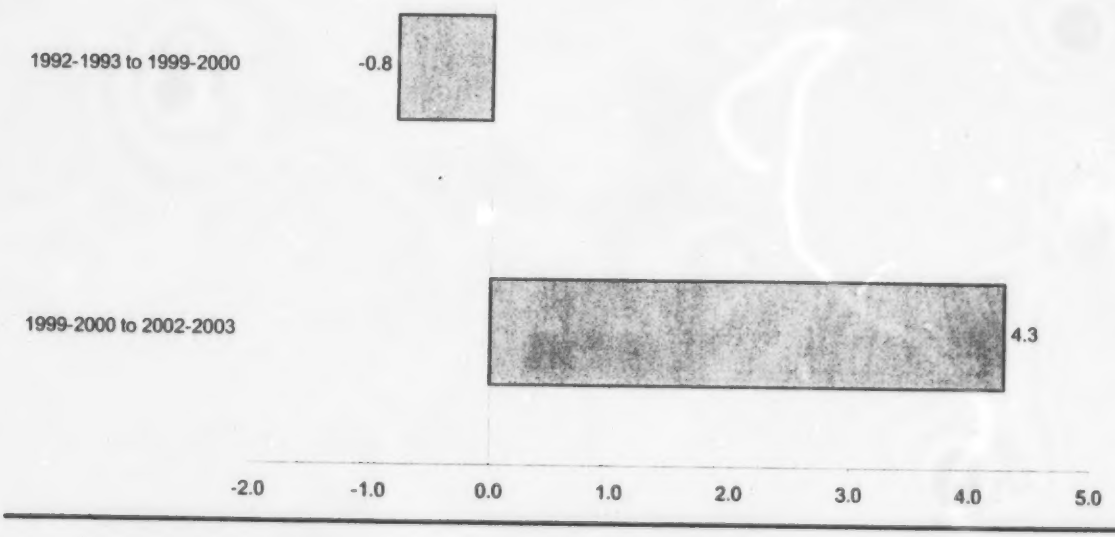
A major reinvestment in education since the Sommet du Québec et de la jeunesse

Chart 10.16 presents the average annual growth rate of expenditures in the education sector in Québec between 1992-1993 and 2002-2003. We note that:

— Between 1992-1993 and 1999-2000, the expenditure budget allocated to the "Education" sector decreased by 0.8% on an average annual basis.

— Since the Sommet du Québec et de la jeunesse, a major reinvestment was carried out in this sector. We observe an average annual growth of 4.3% for this period.

Chart 10.16: Average annual growth of expenditures in the "Education" sector in Québec from 1992-1993 to 2002-2003 (%)



Source: Secrétariat du Conseil du trésor. For 2001-2002, probable expenditures are used, and for 2002-2003, forecasts.

Overall, Québec devotes more resources to education than does Ontario

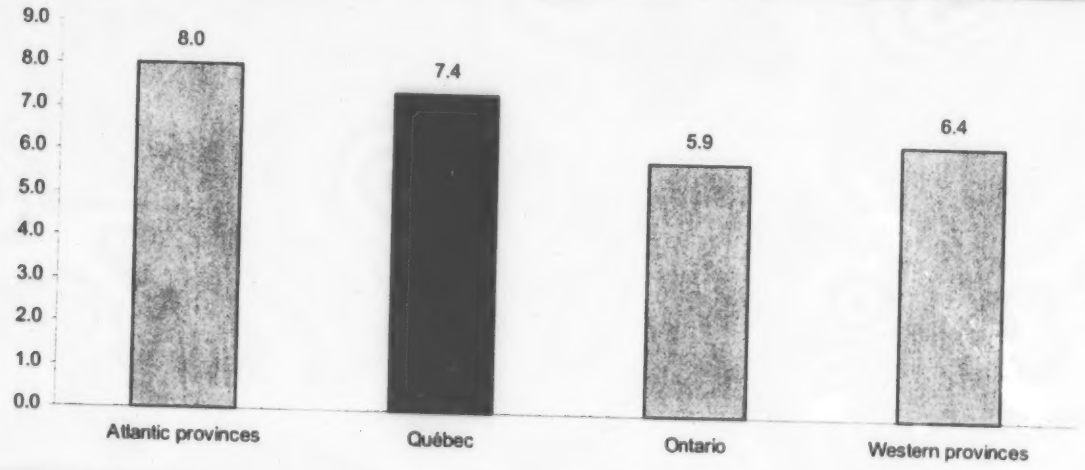
Chart 10.17 indicates the overall level of total expenditures (public and private) in the education sector, as a percentage of the nominal GDP, for Québec, the Atlantic provinces, Ontario and the Western provinces, for 2000-2001.

From the data presented in the chart, we note that:

— In 2000-2001, Québec devoted 7.4% of its nominal GDP to this sector, compared to 5.9% for Ontario and 6.4% for the Western provinces;

— Québec's expenditures however, are lower than those of the Atlantic provinces, who devote 8.0% of their nominal GDP to the education sector.

Chart 10.17: Total education expenditures as a percentage of nominal GDP in 2000-2001 for Québec, the Atlantic provinces, Ontario and the Western provinces (%)



Source: Ministère de l'Éducation du Québec, Direction des statistiques et des études quantitatives. Data for 2000-2001 are estimates.

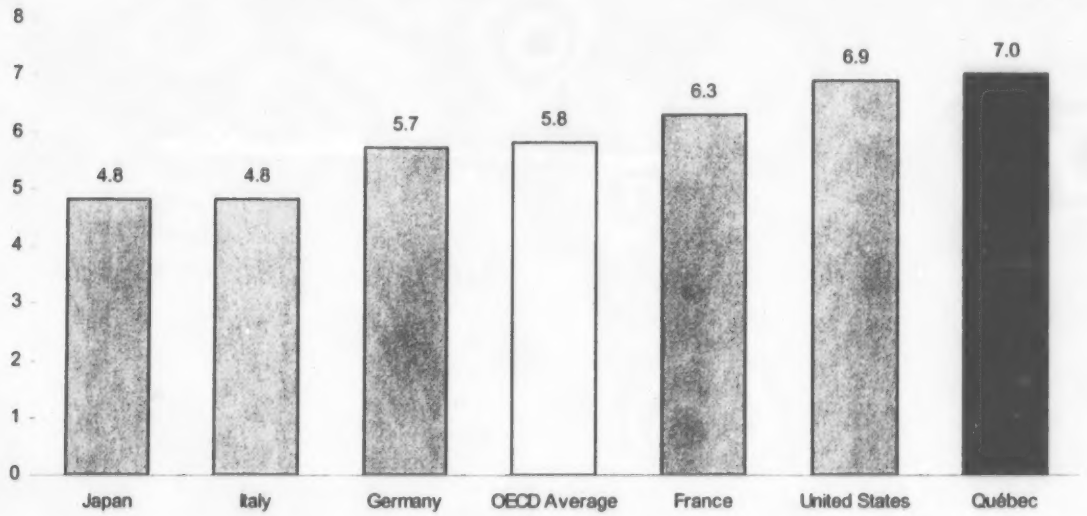
Note: The total education expenditures include the operating and capital expenditures of all private and public educational institutions for all levels of education, expenditures for management of the Department, government contributions to staff retirement plans, student financial assistance and other education expenses (as per Statistics Canada's definition).

Québec devotes more resources to education than do most of the OECD countries

Chart 10.18 presents a comparison of the total level of expenditures (public and private) for educational institutions, as a percentage of the nominal GDP, for certain OECD countries. It should be noted that the level of education expenditures in the countries being considered show variability, which may be partially explained by the diverse nature of the various educational systems.

The chart reveals that in 1997, Québec devoted more financial resources to the education sector, namely 7.0% of its nominal GDP, than did the majority of the OECD countries, whose average rate was 5.8%.

Chart 10.18: Total expenditures for educational institutions as a percentage of the nominal GDP in 1997 for Québec[1] and certain OECD countries (%)



[1] For Québec, the indicator is estimated from the OECD indicator for Canada, which is at 6.5%, and from Canadian statistics presented in the previous chart.

Source: OECD in Figures 2001.

Québec invests more per capita on education than does Ontario

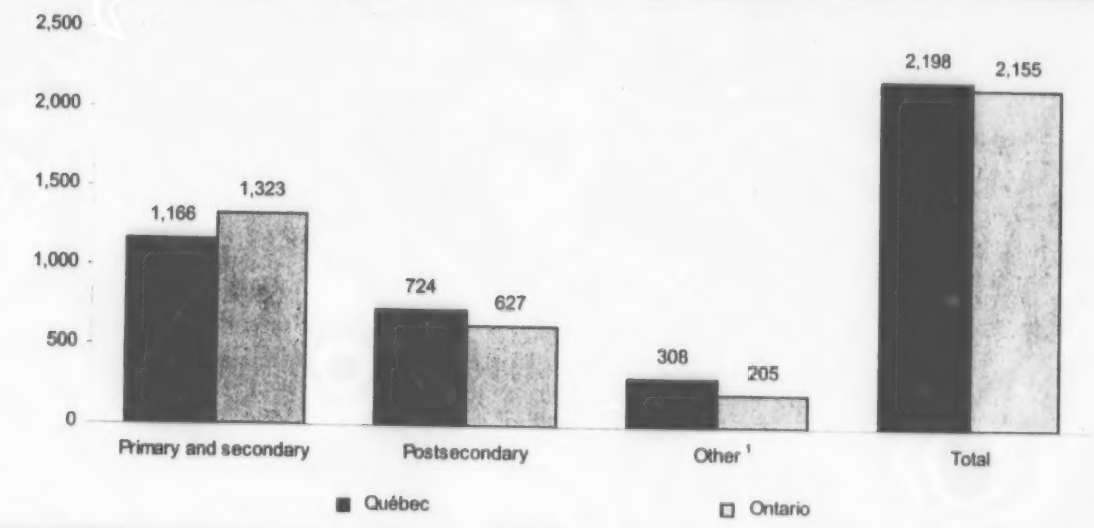
Chart 10.19 presents a comparison of the total per capita expenditure, in 2000-2001, by level of education, on the basis of data published by the ministère de l'Éducation. An analysis of this chart reveals that:

— In Québec, total education expenditures for all levels are slightly higher than in Ontario. In fact, they were $2,198 per capita in 2000-2001, compared to $2,155 in Ontario;

— The total per capita expenditure for primary and secondary education in Québec is, however, lower than it is in Ontario. It was $1,166 in 2000-2001, compared to $1,323 in Ontario;

— However, in Québec, the total per capita expenditure for post-secondary education, which includes all expenditures related to the collegiate and university levels, is higher than it is in Ontario. It was $724 in 1999-2000, compared to $627 in Ontario.

Chart 10.19: Total per capita education expenditure, by level of education, in Québec and Ontario in 2000-2001 ($)



[1] The "Other" category mainly includes expenditures pertaining to training and skills upgrading courses that are not part of regular educational programs, funded by federal and provincial authorities, and other similar expenses, as defined by Statistics Canada. Examples include manpower training courses funded by Human Resources Development Canada, language courses, and courses offered to inmates in federal and provincial prisons.

Source: Ministère de l'Éducation du Québec, Direction des statistiques et des études quantitatives. Figures for 2001-2002 are estimates.

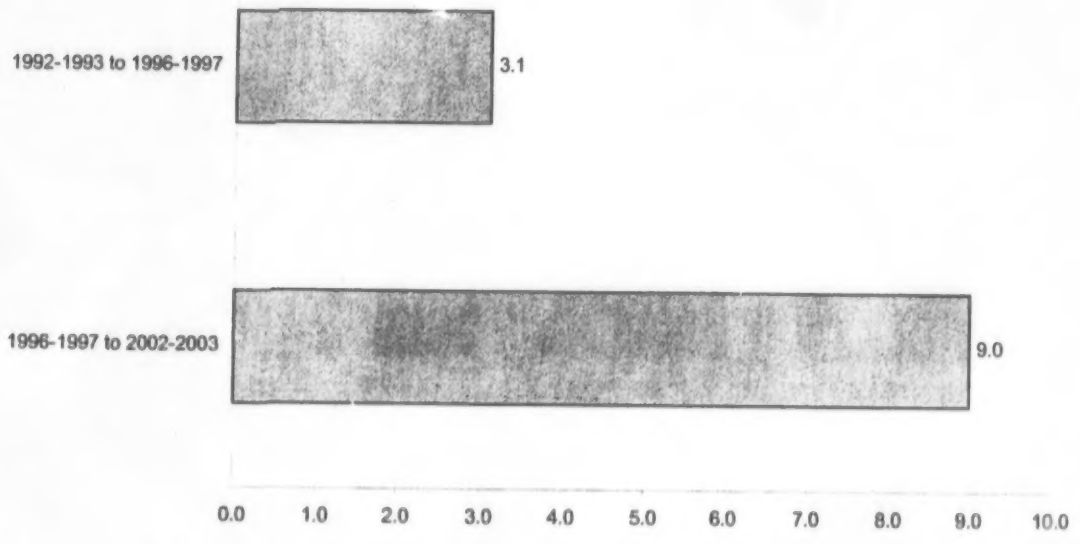
Implementation of the Family Policy results in a major reinvestment in education-oriented child-care services

Chart 10.20 shows the average annual growth of expenditures in the "Family, Childhood and Status of Women" sector for Québec from 1992-1993 to 2002-2003. It allows for making the following observations:

— Between 1992-1993 and 1996-1997, we note an increase in the expenditure budget allocated to the "Family, Childhood and Status of Women" sector; on average, this sector is at 3.1% per year;

— Beginning in 1996-1997, we note a strong increase, with growth reaching 9.0%. This strong growth is primarily due to the increase of the education-oriented early childhood child-care services capacity.

Chart 10.20: Average annual growth of expenditures in the "Family, Childhood and Status of Women" sector in Québec from 1992-1993 to 2002-2003 (%)



Source: Secrétariat du Conseil du trésor. For 2001-2002, probable expenditures are used, and for 2002-2003, forecasts.

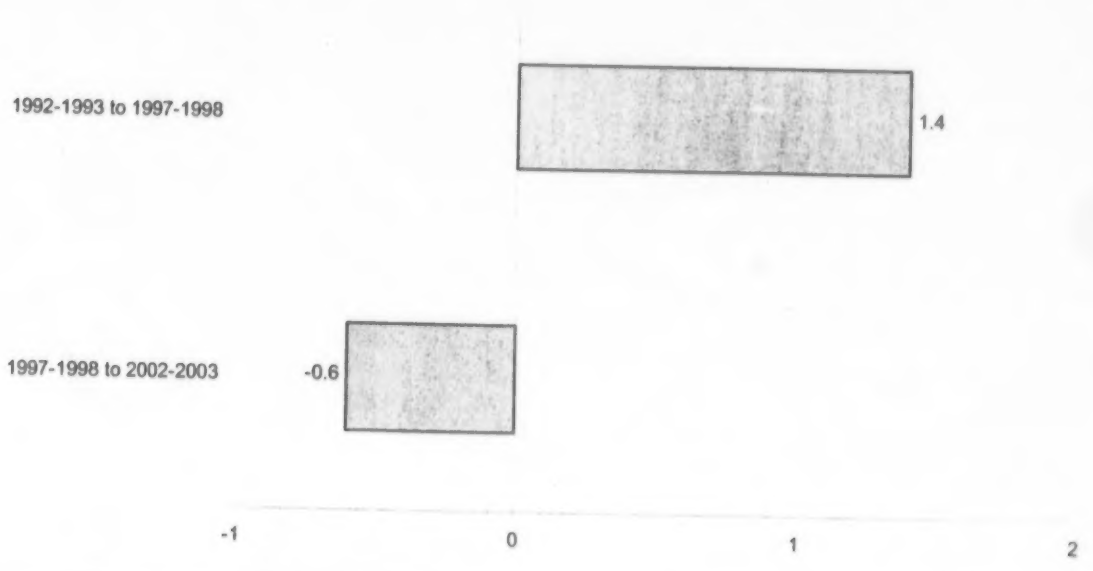
Growth of expenditures weaker in other sectors

Chart 10.21 compares the average annual growth of expenditures in other sectors, namely all of those portfolios other than "Health and Social Services", "Education" and "Family, Childhood and Status of Women". A significant portion of these expenditures is related to the operations of the government. The chart allows us to make the following observations:

— Between 1992-1993 and 1997-1998, we observe a growth of 1.4% in program spending in other sectors;

— Since 1997-1998, we note an average annual decrease of 0.6% in other programs.

Chart 10.21: Average annual expenditures in the "Other Sectors" in Québec from 1992-1993 to 2002-2003 (%)



Source: Secrétariat du Conseil du trésor. For 2001-2002, probable expenditures are used, and for 2002-2003, forecasts.

APPENDICES
ECONOMIC AND BUDGETARY INDICATORS

APPENDIX A

Changes in expenditures over 15 years

	Program spending [1]		Debt Service		Total Expenditure	
	$M	%	$M	%	$M	%
1988-1989	28,061	3.1	3,802	3.5	31,863	3.2
1989-1990	29,267	4.3	4,015	5.6	33,282	4.5
1990-1991	32,142	9.8	4,437	10.5	36,579	9.9
1991-1992	34,712	8.0	4,666	5.2	39,378	7.7
1992-1993	36,275	4.5	4,756	1.9	41,031	4.2
1993-1994	36,268	(0.0)	5,316	11.8	41,584	1.3
1994-1995	36,977	2.0	5,881	10.6	42,858	3.1
1995-1996	36,776	(0.5)	6,034	2.6	42,810	(0.1)
1996-1997	35,327	(3.9)	5,855	(3.0)	41,182	(3.8)
1997-1998	35,580	0.7	6,766	15.6	42,346	2.8
1998-1999	38,039	1.9 [2]	6,574	(2.8)	44,613	5.4
1999-2000	38,731	1.8	6,751	2.7	45,482	1.9
2000-2001	40,874	5.5	6,972	3.3	47,846	5.2
2001-2002	42,247	3.4	6,732	(3.4)	48,979	2.4
2002-2003	43,223	2.3	6,497	(3.5)	49,720	1.5

[1] Program spending is shown according to the 2002-2003 budget structure and therefore includes a prior period adjustment of expenditures relating to the family policy, given that this policy has the effect of gradually replacing certain measures previously accounted for as deductions from revenue.

[2] Rate corrected to exclude, on the one hand, the impact of the Canada-Québec Labour Market Agreement, which came into force in 1998-1999, for an amount of $595.6 million, and, on the other hand, the impact of extraordinary expenditures effected in 1998-1999 to implement the financial restructuring and consolidation plan for health and social services network institutions for an amount of $1,007.0 million, and to improve the financial position of the universities, for an amount of $170.0 million. The growth rate, taking these expenditures into account, would have been 6.9%.

APPENDIX B

Changes over 15 years in certain Québec-specific indicators

	Population [1]	GDP growth rate [2]	Inflation rate in Canada [3]	Program spending as % of GDP	Program spending per capita	
	In thousands	%	%	%	$	%
1988-1989	6,840	9.6	4.0	19.8	4,103	2.2
1989-1990	6,930	5.3	5.0	19.6	4,224	2.9
1990-1991	7,004	3.3	4.8	20.8	4,589	8.6
1991-1992	7,065	1.2	5.6	22.2	4,913	7.1
1992-1993	7,113	2.1	1.5	22.8	5,100	3.8
1993-1994	7,165	2.4	1.8	22.2	5,062	(0.8)
1994-1995	7,207	5.0	0.2	21.6	5,130	1.4
1995-1996	7,241	4.1	2.2	20.6	5,079	(1.0)
1996-1997	7,274	1.8	1.6	19.5	4,857	(4.4)
1997-1998	7,303	4.4	1.6	18.8	4,872	0.3
1998-1999	7,324	4.3	0.9	18.6 [4]	5,194	6.6
1999-2000	7,350	6.0	1.7	18.5	5,270	1.5
2000-2001	7,378	6.7	2.7	18.3	5,540	5.1
2001-2002	7,411	2.4	2.6	18.5	5,701	2.9
2002-2003	7,435	1.9	1.1	18.5	5,813	2.0

[1] Population as at July 1, the second quarter of the corresponding fiscal year.

[2] The gross domestic product at the market price is calculated on a nominal basis, taking the annual average for the calendar year ending three months before the end of the fiscal year.

[3] For the calendar year ending three months before the end of the fiscal year considered.

[4] Percentage corrected to exclude the impact of extraordinary expenditures of $1,007.0 million in 1998-1999 in order to implement the plan concerning financial restructuring and consolidation of health and social services network institutions, and of $170.0 million in order to improve the financial situation of universities. If these amounts were included, the percentage would be 19.2%.

APPENDIX C

Expenditures by portfolio from 1988-1989 à 2002-2003

	Expenditure Budget 2002-2003	Probable Expenditure 2001-2002	Actual Expenditures 2000-2001	1999-2000	1998-1999
Affaires municipales et Métropole	1 520	1 479	1 387	1 116	1 007
Agriculture, Pêcheries et Alimentation	644	641	714	514	531
National Assembly	91	89	80	74	74
Conseil du trésor, Administration et Fonction publique	548	438	435	372	412
Conseil exécutif	178	117	111	215	68
Culture et Communications	504	487	541	496	524
Éducation	11 144	10 540	10 130	9 825	9 580
Emploi, Solidarité sociale	3 968	4 056	4 095	4 064	4 158
Environnement	181	174	159	223	162
Famille, Enfance et Condition féminine*	1 859	1 704	1 562	1 541	1 514
Faune et Parcs	107	121	148	80	111
Finances	629	490	419	303	354
Industrie et Commerce	145	209	277	155	130
Justice	508	511	468	459	486
Persons Appointed by the National Assembly	48	50	42	41	94
Recherche, Science et Technologie	246	224	246	299	258
Régions	195	142	120	147	128
Relations avec les citoyens et Immigration	200	215	179	142	147
Relations internationales	107	109	104	98	88
Ressources naturelles	278	326	363	485	369
Revenu	659	627	715	721	845
Santé et Services sociaux	17 451	17 110	16 098	14 828	14 596
Sécurité publique	790	790	744	701	703
Tourisme, Loisir et Sport	128	157	151	173	121
Transports	1 362	1 364	1 507	1 578	1 507
Travail	61	77	79	81	72
Change in the Provision for Losses on Equity Investments	-	-	-	-	-
Savings to be Realized	(300)				
2002-2003 Appropriations Carried Over in 2003-2004	(30)				
Program spending	43 223	42 247	40 874	38 731	38 039
Debt Service	6 497	6 732	6 972	6 751	6 574
Total Expenditures	49 720	48 979	47 846	45 482	44 613

* Program spending is presented according to the 2002-2003 budget structure and includes changes in the presentation of portfolios as well as adjustments associated with the family policy, given that the family policy is gradually replacing certain measures that were formerly accounted for as deductions from income.

Note: Figures are rounded and the sum of the amounts recorded in respect of each portfolio may not correspond to the total.

Actual Expenditures

1997-1998	1996-1997	1995-1996	1994-1995	1993-1994	1992-1993	1991-1992	1990-1991	1989-1990	1988-1989
1 197	1 259	1 439	1 431	1 313	1 293	1 192	1 081	1 002	853
499	585	643	641	657	660	685	694	635	565
67	80	86	86	81	83	83	81	71	71
587	586	506	532	516	578	537	529	369	472
56	59	70	68	56	54	51	45	42	41
429	433	425	430	443	448	401	375	345	327
9 449	10 040	10 453	10 446	10 154	10 361	9 970	9 430	8 468	8 684
3 779	3 956	4 021	4 007	3 886	3 613	3 200	2 599	2 555	2 513
137	164	179	184	190	199	185	189	168	160
1 323	1 110	1 108	1 076	1 046	981	906	848	734	635
121	91	87	93	101	107	106	106	98	91
312	188	262	306	272	276	285	327	254	205
167	141	152	143	148	291	202	173	211	217
454	460	454	489	495	495	465	431	388	369
36	42	99	86	38	84	35	34	77	29
143	155	157	165	161	145	122	116	110	98
103	128	161	176	73	62	50	49	51	66
137	144	143	147	153	158	154	110	94	84
77	83	100	95	100	104	98	90	74	77
300	346	376	406	436	464	470	469	447	438
1 085	631	511	490	557	559	526	478	420	391
12 922	12 861	13 037	13 070	12 943	12 698	12 342	11 312	10 300	9 517
664	696	719	719	713	743	779	835	651	608
104	100	94	100	94	110	114	106	96	90
1 364	930	1 460	1 551	1 533	1 614	1 663	1 588	1 624	1 487
68	68	70	74	69	79	76	73	80	103
-	(11)	(39)	(34)	40	18	15	(24)	(97)	(135)
35 580	35 327	36 776	36 977	36 268	36 275	34 712	32 142	29 267	28 061
6 766	5 855	6 034	5 881	5 316	4 756	4 666	4 437	4 015	3 802
42 346	41 182	42 810	42 858	41 584	41 031	39 378	36 579	33 282	31 863